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Global Stock Markets Tremble Analysts Prepare for a Correction — but Not a Crash

By Lawrence Malkin
International Herald Tribune

NEW YORK — A tremor went through the world's stock markets Monday. Does that mean an earthquake is coming? Probably not, said stock analysts, at least for those with nerves strong enough to take the inevitable correction.

Tokyo kicked off the day's decline by knocking 556 points, or 3.10 percent, off the Nikkei index. The way then trimmed values in Hong Kong, Thailand and Singapore, before moving on to the major European exchanges. The Asia-Pacific component of the International Herald Tribune World Stock Index fell 2.30 percent, the European component tumbled 1.43 percent and the North American component dropped 0.72 percent.

In London, the Financial Times-Stock Exchange index finished 37 points lower on fears that the government's new budget would end tax advantages for pensions. Milan's blue-chip MIB index tumbled 3.2 percent after extremist parties gained in local elections. In Frankfurt, the DAX dropped 47 points, while the CAC 40

in Paris was down 62 points, both on fears that interest rates would stop falling in Europe.

Wall Street was also hit by worries about higher interest rates, which left the Dow Jones industrial average wavering between 30 and 40 points lower during the day, before it recovered late in the day to close 23 points down. Fears that the Federal Reserve would reverse the three-year decline in interest rates to lean against the U.S. economic revival have already raised long-term bond yields by more than half a percentage point since October, increasing their attraction against stocks. On Monday, the yield of the benchmark 30-year U.S. Treasury issue rose to 6.38 percent from 6.34 percent Friday.

"There is bound to be some sell-off because everyone is waiting for the Fed to pull the trigger," said Adrian Cunningham of UBS Securities in London. He attributed much of the present stock market volatility to ill-considered reactions that "will unwind when people come to their senses."

In fact, most analysts feel that even when the Fed finally does change course and tightens short-term interest rates slightly — perhaps

early next year — the decision is unlikely to be the shot heard around the world because most fund managers will be ready for it.

International investors, especially American ones, who made gains averaging 18 to 20 percent in world stock markets this year, have begun to take profits.

Money under management now moves most markets, and managers are judged by their annual performance at the end of the year. Huge sums have begun moving out of stocks as well as bonds to look in the gains of the first 10 months of the year.

"They are parking the money in short-term bills in dollars, Swiss francs, or other currencies and waiting until next year to reinvest," said Robert Walberg of MMS International.

"They'll start coming back at the end of December or early in the New Year, so we'll get the regular 'January effect.' Then the real market battle will start, and that will take strong nerves."

What happens next year, especially on Wall Street, is the principal matter of debate. Most

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Remembering JFK, 30 Years Afterward

John F. Kennedy's grave being visited by family members Monday. From left, Representative Joseph P. Kennedy 2d; his wife, Elizabeth Kennedy; Victoria Reggie; and her husband, Senator Edward M. Kennedy. Dealey Plaza where Mr. Kennedy was assassinated in Dallas was designated a national historic landmark. President Bill Clinton said he was "satisfied with the finding that Lee Harvey Oswald acted alone" in killing President Kennedy, the conclusion reached by the Warren Commission. Page 2.

Tom Edwards/The Associated Press

Italy Spurns Old Guard In Mayoral Elections

Leftists and Neo-Fascists Face Off in Bid to Form Alternative Mainstream

By Alan Cowell
New York Times Service

ROME — In an election depicted as a harbinger of things to come, more than one quarter of Italy's 40 million voters gave overwhelming support to the Democratic Party of the Left — successor to the Communist Party — the neo-fascist Italian Social Movement, founded by followers of Mussolini, and the insurgent Northern League, results from 428 mayoral ballots showed Monday.

In Rome and Naples, the neo-fascists emerged as the single biggest party, even though their candidates trailed leftist-backed figures supported by the Democratic Party of the Left in the contest for mayor.

In five of the six major cities that set the pace for the vote, candidates supported by alliances of the left, dominated by former Communists, emerged as front-runners.

And, as voters were tallied on Monday after exit polls Sunday night gave a first inkling of the result, the implications began to emerge, too.

For one, the outcome meant that the Parliament supporting Prime Minister Carlo Azeglio Ciampi has now become irrelevant to the mood and demands of the country, increasing pressure for an early national vote to purge the political old guard after 21 months of the country's corruption scandal.

Parliament was elected in April 1992, before the scandal cooled itself quite so resolutely around the parties in the four-party coalition — the Christian Democrats, the Socialists, the Liberals and the Social Democrats — and began to devour them.

Of the four members of the coalition, only the Christian Democrats, for decades the country's political center of gravity, registered at all, and their share of the ballot dropped from around 30 percent in the April 1992 vote to less than 10 percent. This phenomenal decline was matched only by the rise of the neo-fascist share of the vote in Rome and Naples by roughly the same amount.

"The government is now reliant on ghost parties," said one newspaper, *Il Giornale* in Milan.

The decline of the Christian Democrats signaled a further shift in Italian society. Throughout the Cold War, the Christian Democrats cast themselves as the bulwark against communism and, thus, as the rightful recipient of the huge Catholic vote. Church leaders openly urged support for the party.

On Monday, however, even Vatican Radio acknowledged that the huge political shift had ended what the Catholic Church used to term its "unified" vote.

"The vote that traditionally converged on the Christian Democrats has dispersed," the radio said in a commentary. "But it cannot be denied that many Catholics who voted Christian Democrat feel politically homeless when they look at the present situation."

That was not the only uncertainty. Rather than help clear the political air after the 21

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In Europe, the U.S. 'Hype' Hits Home

New York Times Service

PARIS — During a week in which the message from Washington and Seattle was that U.S. foreign policy has been too Eurocentric and must now concentrate more on Asia, Chancellor Helmut Kohl of Germany was quietly touring China and concluding contracts to sell about \$4 billion of German goods to Beijing.

The economic success of Mr. Kohl's visit undercuts a point repeatedly made by European officials in response to last week's flurry of comments from President Bill Clinton and other U.S. officials about the merits of Asia in an age when foreign policy is about trade.

All three emergent economic blocs — Europe, North America and Asia — need each other and none has anything to gain by a trade war.

"The thinly veiled U.S. threats about having Asia as an alternative to Europe if world trade talks fail are absurd," said a French Foreign Ministry official. "It's as if France said it no longer cared about the United

States because most of our trade is with other European Community countries."

In general, the Clinton administration's apparent tilt toward Asia — backed up by a barrage of statistics about changing immigration patterns in the United States, the importance of U.S. exports to Asia and the speed of

China's territorial and military ambitions are worrying to the Asia-Pacific nations. Page 8.

economic growth in China — has been viewed in European capitals as having more to do with hype and negotiating ploys than a fundamental shift in strategy.

For example, much was made in the United States last week of the fact that U.S. trade with the countries of the Asia-Pacific Economic Cooperation forum is larger than its trade with the European Community.

But the same is also true of the European Community, whose exports to South East Asia last year totaled \$73 billion, compared with about \$67 billion to the United States.

"In the medium-term, it is far from clear that a convergence of interests exists between

the Americans and the Asians, particularly China," said François Heisbourg, the former director of London's International Institute for Strategic Studies. "But in the short-term, the United States has tilted the balance of forces in its favor for world trade talks by putting on a show of Asian camaraderie."

Indeed, in case this point about the General Agreement on Tariffs and Trade negotiations was lost on the Europeans, the U.S. trade representative, Mickey Kantor, made it explicit: "We trust our partners in Geneva will take careful note of this solidarity and unity of purpose of APEC members," he said.

France, whose conflicts with the United States over agriculture and movie subsidies have been a main cause of the long paralysis in the world trade talks, showed little immediate sign of being impressed.

Prime Minister Edouard Balladur of France said there would be no agreement if the United States did not make concessions on farm trade, and his interior minister, Charles Pasqua, lambasted Mr. Clinton for

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Walkout Is Over at American Airlines

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton announced Monday that both sides in the American Airlines flight attendants' strike had agreed in principle to an immediate end to the walkout and to return to the bargaining table.

With a nudge from Mr. Clinton, the two sides agreed to accept binding arbitration to end their increasingly bitter dispute. Union members agreed to go back to work, and the airline agreed not to dismiss them.

"I am pleased to announce I have spoken to both parties involved in the American Airlines strike and that both have agreed in principle to end the strike and return to bargaining table immediately," Mr. Clinton said at a news conference.

"They have also agreed to resolve all matters under dispute through binding arbitration," he

said. "All American Airlines flight attendants will be reinstated."

American Airlines' flight service was badly disrupted after the Association of Professional Flight Attendants, representing about 21,000 American Airlines employees, went on strike Thursday. The sides could not reach agreement on pay, staffing, scheduling, work rules and health-benefit issues.

The work stoppage severely hampered American's ability to operate in the busy Thanksgiving holiday travel period and it was estimated the strike had already cost the company nearly \$200 million.

"I believe this agreement represents an important step forward for all Americans, including families that will be able to be reunited over the holidays; the flight attendants themselves, all of whom will be able to return to their jobs, and American Airlines, which can now return

to serving the American public," Mr. Clinton said.

American Airlines, based in Fort Worth, Texas, it hoped to return to a full schedule by the end of the week.

"Passengers who hold American Airline tickets, if they come to the airport tomorrow, can do so with some confidence," Robert L. Crandall, the chairman of the airline's parent company, AMR Corp., said at a news conference after Mr. Clinton's announcement.

"I have no doubt we'll get everybody where they're going in time for Thanksgiving," he added.

Mr. Crandall said he still expected the company to post a "very big" fourth-quarter loss, as well as a full-year loss despite the premature end to the planned 11-day strike.

He said that although the airline was not

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4-Day Week? Idea Fires Up France

By Roger Cohen
New York Times Service

PARIS — France, it is sometimes said, has little inclination for reform and a penchant for revolution. True to its reputation, the nation has suddenly become obsessed by a revolutionary idea: a wholesale switch to a four-day workweek that would, its proponents insist, slash unemployment, improve family life and bring new hope to a disenchanted society.

The proposal's chief advocate, Pierre Larrourou, 29, a consultant for the accounting firm Arthur Andersen, has achieved such fame in recent weeks that he is now known simply as "le gourou." Swept from the Elysee Palace to government offices to television talk shows, Mr. Larrourou has tapped what

appears to be a thirst for a radical solution at a time of political torpor and economic recession in Europe.

"The four-day week can create two million jobs without sacrificing competitiveness," Mr. Larrourou said in an interview. "The alternative, more and more people in Europe perceive, is creeping despair."

Although the debate has been most intense in France, the four-day week has also struck a deep chord in Germany and other Western European countries reeling from high unemployment.

Companies like Volkswagen see the shorter workweek as an emergency measure to save thousands of jobs, while some politicians promote it as a "New Deal" to transform and

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Kiosk Kohl Backs Yeltsin On Draft Reforms

MOSCOW (Reuters) — Chancellor Helmut Kohl met President Boris N. Yeltsin in a Moscow sauna on Monday to offer support for his reforms but warned the West against imposing its standards of democracy on Russia.

Mr. Kohl, stepping off in the Russian capital on his way home from China, defended the Kremlin leader's new draft constitution which gives him strong powers over parliament.

"I can only warn people in the West not to transfer their standards straight to Moscow," he told reporters.

After 70 years of Soviet rule in Russia, democracy could not come out of a test tube, he said.

"I trust Boris Yeltsin and am confident that he and his colleagues will build a robust and strong democracy."

General News
A U.S. campaign-spending bill was passed by the House, but critics called the measure a sham. Page 3.

Book Review Page 9.

Dow Jones		Nasdaq	
Down	23.75	Down	1.32%
	3,670.25		108.05

The Dollar		Euro	
New York	1.7032	London	1.7143
Paris	1.4755	Frankfurt	1.4738
Yen	108.50	Stockholm	108.495
FF	5.6193	Madrid	5.6416

Aldorra	9.00 FF	Luxembourg	60 L	Fr
Andorra	11.20 FF	Morocco	12 Dh	
Comoros	708 CFA	Qatar	8.00 Dinar	
Egypt	1.4755	Romania	11.20 FF	
France	9.00 FF	Saudi Arabia	3.00 R	
Gabon	480 CFA	Senegal	480 CFA	
Greece	280 Dr.	Spain	200 PTAS	
Ivory Coast	340 CFA	Turkey	1.000 Dm	
Jordan	1 JD	U.A.E.	3.50 Dirh	
Lebanon	1.50 U.S. Mil.	U.S. Mil.	(Eur.)	1.10

Patten Scorns Argument On Curbing Asia Freedom

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong's governor, Chris Patten, on Monday denounced arguments by several Asian leaders that too much democracy and individual freedom could hamper economic development.

He also voiced growing frustration with the stalemate in British-Chinese talks on Hong Kong's political future, saying even the lesser issues were still unresolved. "You can't go on and on and on forever," he said.

Mr. Patten, who is trying to broaden democracy in Hong Kong in the face of fierce Chinese opposition, said the main reason for wanting to sweep human rights under the carpet was to hold on to power or crush political opposition.

The governor, who crossed swords with Singapore's elder statesman, Lee Kuan Yew, on the issue last year, described as bizarre the criticism that his democratic program was an alien implant unsuited to Asia.

"The idea that human rights hold up prosperity is preposterous," he told the Foreign Correspondents' Club. "Human rights have never

emptied stomachs, human rights don't hamper growth."

Mr. Patten made only passing reference to Mr. Lee in his speech, but his comments appeared aimed at least partly at the former Singapore prime minister, who is visiting Hong Kong.

The governor held up as examples postwar Japan and Hong Kong itself, which has little democracy but has personal freedoms similar to those in the colonial power, Britain. Control of Hong Kong is to be returned to China in 1997.

"Hong Kong is living proof that these concepts do work as well in Asia as they do anywhere else," he said.

"A fundamental component of the rule of law is a proper regard for human rights," he said.

"We have them here in Hong Kong, we've had them for years, long before Hong Kong's GDP per head equaled or overtook that of

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Alessandra Mussolini, the neo-fascist candidate, reacting to the news that she goes into the runoff election in Naples.

Haute Couture and the Upper Crust: Europe's Debs Come Out

By Suzy Menkes
International Herald Tribune

PARIS — Their parents' generation tore up the paving stones. Now, 25 years on, dancing slippers are gliding over a checkered marble floor as the band strikes up a waltz.

At the first French debutante ball since the revolutionary year of 1968, young aristocrats try their feet at the unaccustomed waltz: one, two, oops! bump. The elders ransack the buffet as their ancestors fought the crusades: pasta with lobster, boiled eggs stuffed with truffles, smoked salmon, caviar and pots of chocolate mousse all dispatched before you can say "Vive la République!"

The French upper crust was supposed to have crumbled with Marie Antoinette and her cakes. But 200 years after the last queen

through Germany, Belgium, France and Spain," says Alain Goguet-Chapuis, the editor in chief of *Point de Vue*, the tribal broadsheet of European royalty, and sponsor of the debutante ball. The magazine, which dubs itself "for the princesses of today," features royal events, sanitized gossip, society pictures and potted history.

Divorce and disillusion among the royals have not halted the unstoppable rise of *Point de Vue*. Since the magazine was bought by Sir James Goldsmith for his friend the Comtesse Laure de Boulay de la Meurthe, its circulation has climbed through 500,000. This season its focus on the bright side of life is being echoed in France by a new celebrity and good-news glossy magazine called *Gala*, which follows on the success of the British *Hello!* and its Spanish parent company.

Sunday's *Soirée des Débutantes* was filled with descendants of the Orleans and the Bourbons — France's royal family. And there were debs with family names that sound like wine labels and first names like medieval princesses. These *nie-de-châtaigne* girls included Agathe de Lastic Saint Jal modeling a Paco Rabanne dress with silver bustier twinking to match the chandeliers; Etienne Le Maresquier giving her Pierre Cardin Chinese-lantern evening gown a swirl, and Ségolène de Cassagne, who struggled to get Vivienne Westwood's bouncy, leopard-printed crinoline through the door.

Front row at the *Hôtel de Crillon* was a head count of counts, all manfully cutting short their shooting weekends to sit alongside the titled mamas and grandmothers of the well-bred models. They included the English

robes Harlette Skeffington and Georgina Hebblethwaite, and the *jeunesse dorée* of Belgium, Poland and Switzerland. As befitted the king of couture, Yves Saint Laurent hired the closest to a crowned head: Beatrix Bernadotte, of the Swedish royal family.

It is easy to scoff at the idea of reviving the debutante in an era when a condom seems a more appropriate accessory than a coronet. Yet the innocent exuberance of the *Soirée des Débutantes* suggests that there is a yearning for romance among the MTV generation.

Americans, drooling over the lush society world in the film "The Age of Innocence," may soon be having their own debutante revival. Ophélie Renouard, organizer of the *Soirée des Débutantes*, is hoping to bring the

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Rebirth of the Frauenkirche Dresden Rebuilds Its Bomb-Razed Symbol

By Rick Atkinson
Washington Post Service

DRESDEN — A half-century ago, the soaring stone cupola of Dresden's Frauenkirche was the most magnificent silhouette on Germany's most magnificent skyline. Rising in baroque splendor 90 meters feet above the River Elbe, the great dome embodied German piety, prosperity and architectural virtuosity.

Then came the firebombing of Dresden by nearly 800 British bombers on Feb. 13, 1945, and the charred rubble that had been the Frauenkirche came to symbolize the catastrophe of war.

Now, 48 years later, reconstruction of the Frauenkirche has begun, stone by shattered stone. Once again, the church serves as a potent symbol, this time of the rebuilding of Eastern Germany's long-neglected cities and of Dresden's determination to recapture at least a glimmer of its past glory.

For Dresdeners, said Kurt Biedenkopf, state premier of Saxony, the Frauenkirche's rise from the ashes means, "We're alive again."

It will be a slow, tedious and expensive resurrection. The project, begun earlier this year and expected to cost at least 300 million marks (\$178 million), is scheduled for completion by 2006, the 800th anniversary of Dresden's founding. Private donors thus far have contributed 17 million Deutsche marks, enough to finish clearing away the debris before the rebuilding begins next summer, said Claus-Dieter Heinze, managing director of the Frauenkirche Foundation.

The clearing of the church site is proceeding with the meticulous care of an archeological dig. About 30 workers, many of them former coal miners, are hauling away what remains of the 60,000 stones originally used in the Frauenkirche construction 250 years ago.

"They're incredibly careful in handling the stones," Heinze said of his crew. "They treat them almost like eggs."

Each fragment is tagged with an identification number and hoisted onto a metal rack for cataloging by shape, size, and weight. Architecture students then log the measurements into a computer in an effort to determine where the stone fit by matching it against prewar photographs and blueprints.

Mr. Heinze estimates that perhaps 10,000 of the sandstone blocks can be salvaged and reused; the rest were either shattered beyond repair when the church collapsed or were turned into glass by the immense heat of the firestorm. Replacement stones will be quarried from the Elbe Valley sites used in the 18th century.

Eventually, the crew hopes to find such artifacts as the pedestal from the baptismal font, and pieces of the great, three-story organ built by Gottfried Silbermann, on which Johann Sebastian Bach once played. Two of the Frauenkirche's four subterranean crypts, in which 244 prominent Dresdeners were buried over the centuries, also await discovery.

The Frauenkirche was more than just another Protestant church. It was the jewel in the crown of a city known as the "Florence of the Elbe" for its graceful beauty and patronage of the arts. "Dresden is a magnificent place," the poet Johann Wolfgang Goethe wrote in 1768, "and if a small stipend were made available to me here, I would never wish to leave."

Construction of the Frauenkirche, designed Georg Bahr, began in 1726 and was completed 17 years later. The church's size and exceptional acoustics made it a fa-

vorite site for musical extravaganzas: Richard Wagner imported 1,200 singers and 100 musicians for the first performance of his "Last Supper of the Apostles," while Gustav Mahler's 8th Symphony was first performed in the nave with equally grand flair. The great cupola, known as the "stone bell," attracted countless artists, including the Italian painter Antonio Cavallotti, who featured the Frauenkirche in five of his Dresden canvases.

Aesthetics notwithstanding, the cupola was structurally dubious. Weighing more than 12,000 tons, the stone bell survived cannon fire by Frederick the Great's troops in 1760 but was considered so unstable, particularly as eight supporting pillars gradually sank into the marshy ground, that various buttressing efforts were undertaken during the next 180 years.

Then, disaster. At 10 P.M. on Strove Tuesday in 1945, 244 Royal Air Force Lancaster bombers dropped incendiary bombs on a

city swollen with tens of thousands of refugees; three hours later, another 529 RAF bombers struck in a second wave. Among hundreds of Allied war prisoners also in the city was Kurt Vonnegut, who later described the horrific scene in his novel "Slaughterhouse Five." How many died is unknown; 35,000 bodies were found and perhaps another 100,000 vanished in the flames.

Although the heat of the inferno reached an estimated 2,000 degrees Centigrade, the gutted church stood for two days more. Then, on the morning of Feb. 15, the weakened walls gave way and the cupola collapsed in a roar, pulling the church's four towers on top of it. "Anyone who has forgotten how to weep," the poet Gerhard Hauptmann wrote a few months later, "may learn again through the destruction of Dresden."

Portions of the baroque inner city eventually were rebuilt during the four decades of Communist rule, notably the Zwinger palace and the opera house. The Frauenkirche, however, lay where it fell.

"The Communist government felt, 'Why the hell do we want to rebuild churches if we don't believe in God?'" Mr. Heinze said.

Even after German reunification, innumerable obstacles remain before another Bach fugue thunders inside the stone bell. Fundraising during a recession is chancy, and engineers talk of the need to sink pillars down 20 to 30 meters to bedrock to stabilize the massive dome.



FRENCH SEIZE KURDS — A Kurdish militant giving a victory sign as police detained 152 protesters at a banned Paris demonstration Monday. The Kurds demanded the release of more than 20 comrades held after nationwide raids last week on the separatist Kurdish Workers' Party.

naletto, who featured the Frauenkirche in five of his Dresden canvases.

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Clinton Believes Oswald Acted Alone in Dallas

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton, speaking on the 30th anniversary of President John F. Kennedy's assassination, said Monday that he was "satisfied with the finding that Lee Harvey Oswald acted alone."

He also said that he was content with the Secret Service's efforts to protect him.

Even so, Mr. Clinton said at a news conference, "It's impossible for a democratic leader in a free world, I think, to live in a shell."

"And one of the greatest things a president has to guard against all the time is just becoming isolated from the feelings, the concerns, the conditions of daily life that all other Americans have to confront," he said.

At a joint news conference with President Fidel V. Ramos of the Philippines, Mr. Clinton also made these points:

- He said that there was just "a shred of a chance" that Congress could wrap up work on the Brady bill before Thanksgiving. The bill requires a five-day waiting period for handgun purchases.
- He said the administration was working on a "new approach" for coaxing North Korea to allow nuclear inspections. He did not elaborate, although there have been reports that the United States is considering offering trade and other economic incentives.

Harvey Oswald acted alone," he replied. "I'm also very satisfied with the work done by the Secret Service in my behalf."

He noted that "most of the crowds that I see now have been through some sort of screening process." At the same time, he said it was important for presidents to have regular contact with the public and "not to lose touch and get totally out of synch."

The Warren Commission, appointed after Mr. Kennedy's murder in Dallas, said that Mr. Oswald, a former Marine who had once defected to the Soviet Union, acted alone and without assistance in killing Mr. Kennedy.

entirely pleased with the prospect of binding arbitration, it had agreed to the proposal after he received a telephone call on Monday from Mr. Clinton.

"In view of his national responsibilities we think his requests are entitled to great deference," Mr. Crandall said.

Mr. Crandall also said that although he agreed with Mr. Clinton's suggestion that all the strikers be reinstated, it was unclear how many flight attendants the company would need in the long run.

dy and wounding then-Governor John Connally of Texas. But that finding has been controversial from the start. Even now, polls show that most Americans believe there was a conspiracy in the assassination.

The comment from Mr. Clinton on Monday represented a departure from what he has said before on the subject. During the 1992 campaign, Mr. Clinton and his running mate, Al Gore, were asked if they agreed with the Warren Commission conclusion. Mr. Gore said he did not, and Mr. Clinton said he agreed with him.

On the issue of North Korea's refusal to allow international inspections of nuclear sites, Mr. Clinton made it clear that the subject will be high on the agenda when he meets Tuesday with the South Korean president.

"It was obvious to me that no one in the region wants North Korea to become a nuclear power, so we're going to do everything we can, in close consultation with the countries most affected in the region, to try to find a resolution to this," he said.

On the Brady bill, Mr. Clinton said: "I would love it if Congress could give the Brady bill to the American people for Thanksgiving. There may be some small chance it can be done now, but I don't want to hold out false hope."

STRIKE: American Airlines Walkout Over

Continued from Page 1

"Until we know the outcome of the arbitration, we won't know how many jobs there are," he said.

Mr. Clinton praised both sides for being "willing to be brought to this point."

It was the first walkout by flight attendants at American and the biggest against a U.S. airline since 1989.

Many of American's flights have flown without passengers since the strike began because they have not had the federally required number of flight attendants.

Fierce Cold Plays Havoc in Europe

The cold also took the lives of three homeless men in Germany, where an estimated 150,000 people are living on the street.

Four people froze to death in Moscow after exposure to temperatures as low as minus 16 degrees centigrade (3 degrees Fahrenheit).

Following heavy snowfalls, the Swiss mountain passes of Furka, Grimsel, Klausen, Forcola di Livigno, Nufenen, Grand-St-Bernard, Susten and Umbrail were closed to traffic for the rest of the winter. The Gotthard and Oberalp passes were temporarily closed.

Elsewhere, vast traffic jams built up on highways, including one 25-kilometer (15-mile) long in southwestern Germany, as cars and trucks slipped and collided on the thin but icy snow.

"This very cold spell is likely to last the week," a British government weather forecaster said.

Food and other supplies for 3 million civilians trapped by the civil war in Bosnia were blocked by the worsening weather, creating shortages of food, fuel and water.

On Bosnia, EC Tries A Carrot and a Stick

Compiled by Our Staff From Dispatches

LUXEMBOURG — The European Community, hoping to avert a humanitarian catastrophe in Bosnia-Herzegovina this winter, called for new peace talks in Geneva next week and threatened to use force against renegade groups blocking aid deliveries.

A meeting of the 12-nation bloc's foreign ministers agreed to offer a gradual easing of sanctions on Serbia if Bosnia's Muslims were provided with more land as part of a peace agreement, one of the main proposals for the Geneva talks on Monday.

Community foreign ministers will also try at that meeting to win new guarantees from Serbs, Croats and Muslims that they will not block or hamper new aid corridors from the coast into Bosnia.

A final lifting of sanctions would hinge on a peace plan settling ethnic disputes across all of the former Yugoslavia. Foreign Secretary Douglas Hurd of Britain said. Fighting also continues in Croatia, at a much lower level than in Bosnia.

"We cannot, at the moment, lift sanctions," Mr. Hurd said.

"But if the Serbs and the Croats were to make the necessary territorial concessions to the Muslims in Bosnia, some sort of lifting of sanctions might be envisaged," he said.

A Serbian-Muslim standoff over small tracts of land in eastern Bosnia doomed an international peace plan two months ago. If Serbs agree to return that 3 percent to 4 percent

Editor's Note

Paragraphs were jumbled, and columns reversed in an article from Singapore on the back page of Monday's edition. The International Herald Tribune regrets the errors.

Correction

An article in Thursday's edition misidentified the panel that recommended independence for the Bank of England. It was the Center for Economic Policy Research.

WORLD BRIEFS

Sihanouk Eases Khmer Rouge Stand

PHNOM PENH (AFP) — King Norodom Sihanouk, reversing an earlier vow not to include the Khmer Rouge in the elected Cambodian government, said Monday that he would give them senior government positions if they surrendered.

In a paper from his sickbed in Beijing, released by the Royal Palace here, he said the government headed by his son, Prince Norodom Ranariddh, would give "several posts of co-ministers, co-deputy ministers, co-secretaries of state and advisors to 'acceptable' personalities within the Party of Democratic Kampuchea."

He excluded Pol Pot and his deputies Ieng Sary, Nuon Chea and Ta Mok but said nothing about the current nominal leader, Khieu Samphan, or the military commander, Son Sen.

Guatemala Crash Kills 13 Tourists

GUATEMALA CITY (Reuters) — Thirteen people, including U.S., Canadian and German tourists, were killed Sunday afternoon when a twin-engine plane crashed into a mountainside north of Guatemala City, the authorities said.

The plane belonging to the Guatemalan company Aerovias was returning from the Santa Elena airport in the northern Peten Department when it ran into bad weather and crashed into a mountain about 55 kilometers (35 miles) north of Guatemala City, civil aviation authorities said.

Most of those killed were tourists from the United States, Germany and Puerto Rico who were returning from a visit to the northern Mayan ruins of Tikal. Only 9 of the 13 bodies have been identified, the authorities said. Fog and rain hindered the search by fire fighters in the rugged and isolated municipality of Patzún. The twin-engine Beech 80 aircraft crashed less than an hour after takeoff.

Spain and Unions Resume Talks

MADRID (Reuters) — Talks between the Spanish government and trade unions on a proposed social pact resumed Monday with little sign of an agreement being reached before the Nov. 30 deadline.

Government and unions were discussing the issue of layoffs on Monday with the deadline, which has been rejected as absurd by unions, weighing heavily on negotiations. On Friday, the unions rejected the government's proposals for hiring procedures.

If no agreement has been reached by Nov. 30, the minority Socialist government has said that it will go ahead with its economic program, with or without the support of unions.

Bonn Says 2 Blood Donors Had HIV

BONN (Reuters) — At least two blood donors used by a German pharmaceutical firm at the center of a national scandal over AIDS-tainted blood supplies had the HIV virus, investigators said Monday.

The public prosecutor investigating Koblenz-based UB Plasma said that tests on 25,000 blood samples showed that two donors were infected with the AIDS-causing human immunodeficiency virus, and nine could not be definitively cleared. UB Plasma has been closed and senior employees arrested over suspicions that the firm failed to screen all of its blood products for the AIDS virus.

Prosecutor Norbert Walter added that checks on the 4,000 people who had donated blood to the firm over the past two years were now complete but the results were not absolutely reliable due to the poor conditions in which UB Plasma stored the blood.

Abiola Meets Nigeria Military Ruler

LAGOS (Reuters) — Moshood K.O. Abiola, the Nigerian politician widely believed to have won a presidential election annulled in June by the military, on Monday visited the new military ruler, General Sani Abacha, a senior aide to Mr. Abiola said.

"We discussed the state of the country and how to bring about peace, stability and the restoration of democracy," said Jonathan Zwingina, who accompanied Mr. Abiola. Mr. Abiola had not commented on General Abacha's takeover last Wednesday, when the former interim leader, Ernest Shonekan, resigned.

Separately, Nigerians returned to work Monday after the main trade union federation reached an agreement with the government on domestic fuel prices and called off a weeklong strike.

Mexico Opposition Names Candidate

MEXICO CITY (Reuters) — Diego Fernandez de Cevallos, leader of the opposition National Action Party in the lower house of Congress, was chosen as the conservative candidate for the presidential election in August.

Mr. Fernandez de Cevallos, 52, beat three other contenders by winning 64.71 percent of the vote of more than 9,000 delegates on the second and last day of the convention of the largest opposition party.

His main competitors will be the candidate of the ruling Institutional Revolutionary Party, and Cuauhtemoc Cardenas of the Democratic Revolutionary Party, who almost beat Carlos Salinas de Gortari in fraud-tainted 1988 elections. The traditional unveiling of the governing party candidate is due anytime soon.

TRAVEL UPDATE

Paris's Grand Palais Closed as Unsafe

PARIS (Reuters) — The Grand Palais, the Paris exhibition hall just off the Champs-Elysees, has been closed to visitors after experts found its glass dome to be unsafe. The building, erected for the 1900 Universal Exhibition, rests on unstable foundations and its huge glass dome needs urgent repair work. Culture Minister Jacques Toubon said Monday. Two bolts fell from the dome in June, prompting authorities to put up nets.

Exhibitions of French post-impressionist painting and insects will be moved elsewhere in Paris or to the provinces. It could take up to two years to ensure the vast space below the glass dome is safe for displays.

A state of emergency was declared in parts of Athens on Monday after three days of heavy rain caused widespread flooding, washing away cars and disrupting telephones and power supplies. The city's southern suburbs were worst affected. Hundreds of homes were flooded and streets became gushing rivers. (Reuters)

Iran resumed passenger train service to Khorramshahr near the Gulf on Monday, 13 years after it was halted at the onset of the Iran-Iraq War, Tehran Radio said. Khorramshahr, then Iran's biggest port on the Shatt-al-Arab border river, was occupied by Iraqi troops for 19 months at the start of the eight-year conflict. It is still largely in ruins. (Reuters)

Cuba has dismissed as "meatball ravings" a threat by a Florida group to kidnap foreign tourists on the island. The paramilitary group Alpha 66 warned Nov. 4 that it would rob and possibly kidnap tourists in Cuba after Saturday. But the news agency Prensa Latina said such attacks were unlikely. "In Cuba there are no Mafia clans, drug-bosses or terrorist organizations which could carry out such acts," the agency said. (AP)

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Bill Bixby, TV Actor, Is Dead at 59

The Associated Press

LOS ANGELES — Bill Bixby, 59, whose three-decade television career featured starring roles as a Martian's pal, a superdad and a superhero, died of cancer Sunday.

Mr. Bixby started with Ray Walston in the 1963-66 CBS comedy "My Favorite Martian." Mr. Bixby played the newspaper reporter Tim O'Hara, foil to Mr. Walston's extraterrestrial.

Three years later, Mr. Bixby moved into the role of a wise dad in "The Courtship of Eddie's Father." After a stint in the 1973-74 NBC series "The Magician," he starred as the scientist who is transformed into a raging monster in "The Incredible Hulk," which ran from 1978-82 on CBS.

Emile Ardolino, 50, Dies, Was Dance Filmmaker
New York Times Service

Emile Ardolino, 50, an Oscar-winning maker of dance documentaries who became a Hollywood director of films including "Dirty Dancing" and "Sister Act," died Saturday in Los Angeles. The cause was AIDS, said Cindy Gilmore, a colleague and co-producer at Ardolino Productions.

Mr. Ardolino, whose new film, "George Balanchine's The Nutcracker" is to be released Wednesday, was considered a dance filmmaker of exceptional sensitivity. He founded Compton-Ardolino Films with Gardner Compton in 1967. In 1969, he won an Oscar award for his films for the original Broadway production of "Oh! Calcutta!"

Kenneth Burke Dies at 96, A Philosopher of Language
New York Times Service

Kenneth Burke, 96, a philosopher of language whose criticism and theories had a major impact on many American writers and thinkers in the mid-20th century, died Friday of heart failure at his farm in Andover, New Jersey.

OVERHEARD

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Cyprus	080-900000	India	000-027	Norway	050-12912	UAE	800-111
Czech Rep	00-42-00017	Ireland	1-800-551-001	Peru	001-190	United Kingdom	0800-89-0222
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STATESIDE / PAYING FOR CAMPAIGNS

House Votes Bill to Curb Campaign Spending

Compiled by Our Staff From Dispatches
WASHINGTON — Faced with mounting public pressure to clean up Congress, the House passed a campaign-finance reform bill Monday setting voluntary spending limits and capping contributions by political action committees.

The contentious measure passed by a comfortable margin, 255 to 175, despite strenuous objections from House Republicans and many Democrats who branded it a sham that would do little to change the current system.

But House Democratic leaders, scrambling to clear the bill before the House adjourns for the year, probably Tuesday, said the measure setting voluntary spending caps of \$600,000 in House races was an important first step toward meaningful change.

"We are faced with an increasing cynicism on the part of the American people that there is not a fair contest between incumbents and challengers. We can, to some extent, build back public confidence," said the speaker of the House, Thomas S. Foley, Democrat of Washington.

The public interest group Common Cause, which supported the bill, said that in 1992 the overall tab for House races was about \$330 million.

President Bill Clinton has made campaign-finance reform a priority and the Senate passed its version of the bill earlier this year. A final measure will not be worked out until 1994 and, if passed, probably will not take effect until 1995.

Changing campaign rules to aid challengers is a difficult task for lawmakers. Despite months of delay and public breast-beating, the bill is similar to a measure that was passed last year, but vetoed by President George Bush.

Before approving the measure, the House voted, 263 to 173, against a Republican alternative that would ban contributions from political action committees, or PACs, and require candidates to raise half their funds from their districts. It would also have allowed political parties to give challengers money equal to any surplus funds held over from previous elections by an incumbent.

Republicans charged that Democrats wanted taxpayer financing of campaigns, but some Democrats predicted that no financing scheme would pass muster, leaving the campaign-reform bill an empty shell.

Mr. Foley, who had faced a near-revolt from some within his own party on the campaign-finance bill and had to hunt for last-minute votes, argued the measure was "the best we can do at this point."

"To vote no today is to kill campaign reform for this Congress," Mr. Foley said in a rare pitch to colleagues on the floor. "That would be a terrible message to give to the country, a bad message for both parties."

On Sunday, the House rejected, 220 to 207, a move to block the Democratic leadership bill on campaign finance from coming up.

"What we're doing here tonight isn't reform, it's fraud," said Representative Steven Gunderson, Republican of Wisconsin, who wanted to block the bill.

The White House had lobbied heavily against the \$90 billion deficit-reduction package by Representatives Timothy J. Wirth, Democrat of Minnesota, and John R. Kasich, Republican of Ohio, and complained its Medicare cuts would hurt next year's effort on health care reform and drain already-tight state budgets.

Mr. Wirth and others complained that Democratic leaders had threatened to yank federal projects out of the districts of any lawmaker who voted for the \$90 billion deficit package.

"It's intimidation; it's pressure politics," Mr. Wirth said Monday morning. Many freshmen and reform-minded lawmakers had sized they get to address further spending cuts during consideration of President Bill Clinton's budget. "It is



JOLLY MOOD, SERIOUS MESSAGE — President Bill Clinton visiting a Roman Catholic church bazaar in central Los Angeles. Behind him is Archbishop Roger Mahony. In remarks at the church, Mr. Clinton said America had to crack down on violence.

House Rejects Bid for D.C. Statehood

By B. Drummond Ayres Jr.
New York Times Service

WASHINGTON — After years of often dispiriting struggle, supporters of statehood for the District of Columbia finally got a congressional vote on the issue — and were soundly defeated.

But they immediately vowed to continue their fight after the House, by a vote of 277 to 153, turned down a bill that would have transformed the District into the 51st state.

Statehood proponents said their success in getting committee hearings, a floor debate and then a vote on the bill was a great achievement in itself.

"I'm ready to declare victory," said Eleanor Holmes Norton, the District's nonvoting delegate in Congress. "I had to go about getting those votes without being able to vote myself. That tells you something about the breadth and possibilities of our support."

But given the magnitude of the defeat, statehood proponents are not likely to get another vote soon, even though they couched their argument in terms of extending full civil rights to the 600,000 residents of the U.S. capital.

District residents pay the same taxes as other citizens and are subject to the same laws. They may vote in presidential elections and for their congressional delegate, but the delegate has no floor vote and there are no senators from the District. And although District residents elect a mayor and a city council, the District government ultimately answers to Congress.

In the debate before the vote on Sunday, Representative John R. Lewis, Democrat of Georgia, one of the leaders in the civil rights struggles of the 1960s, rallied the rights that District residents have and do not have, then called for passage of the bill.

"It is not right," he said, "that there is still an America where there is still some taxation without representation."

But Representative Thomas D. DeLay, Republican of Texas, countered, "The District hasn't even shown the ability to govern itself as a city, let alone as a state."

In one of the bluntest speeches made during the debate, he summoned up one of the images that many Americans have of the city because of some of its recent travails. "The District," he said, "is a liberal bastion of corruption and crime. Let's take it back and clean it up."

Many House members did not want to vote on the matter for various reasons, some constitutional, some economic, some geographic. But under constant implorement by Ms. Norton, they yielded.

Senate leaders have talked now and again about holding hearings on statehood, but none have yet been scheduled.

Shortly before the House vote, President Bill Clinton sent a letter calling for passage of the bill. "It is

fundamentally unfair that residents of the District are denied full representation and participation in our national life," he said. He also sent some of his aides to Capitol Hill to lobby for the measure.

The bill was symbolically designated House Resolution 51. In debating it, some opponents argued that the Founding Fathers could easily have made the national capital a state but instead envisioned it as a federal enclave, free of outside governmental influence.

Other opponents argued that the city's mayor and council had yet to demonstrate that they could run a city well enough to meet congressional standards.

"You can't have your city ask for troops to control your streets one week and come out and ask for statehood the next week," said Representative Dana Rohrabacher, Republican of California. "People won't take you seriously."

Other House members argued that the District was too small, geographically and economically, to be viable as a state.

And a few, mainly Republicans, argued that if the District, which is heavily Democratic, became a state, it would only add more Democrats to the House and Senate. Although Democrats agreed, not enough of them voted for the bill to carry the day for statehood.

The bill was supported by 151 of the 258 House Democrats but by only 1 of the 175 Republicans, Wayne Gilchrest of Maryland.

POLITICAL NOTES

Senate Sues for Disputed Diaries

WASHINGTON — With Senator Bob Packwood deciding to fight sexual misconduct allegations rather than resign, the Senate filed suit in federal court on Monday to enforce an ethics committee subpoena for the Oregon Republican's diaries.

The Senate asked that Mr. Packwood provide its ethics committee with "his transcribed diaries and untranscribed diary materials from Jan. 1, 1989 through July 16, 1993."

If the Senate is successful, the diaries would go first to a former U.S. appellate judge, Kenneth Starr, who would review them to prevent the panel from receiving entries involving lawyer-client and doctor-patient relationships, as well as family matters.

The suit, stating that the Senate "has the constitutional duty" to deal with members who may have been guilty of misbehavior, contended the chamber "needs Senator Packwood's diaries to fulfill its responsibilities." (AP)

handgun purchases, is now certain to become law even if that means dragging legislators back for another session after Thanksgiving.

The Senate and the House still must reconcile differences between their bills, and congressional aides said meetings that began Monday afternoon could last all night.

"The question of timing remains up in the air," the Senate Democratic leader, George J. Mitchell of Maine, said on NBC television, "but the result is not in doubt. It will become law."

Even the Senate Republican leader, Bob Dole of Kansas, who voted against the Senate version, said on the same news program: "I think it's time to move on. Let's move the Brady bill."

Most of the Senate has left town for the Thanksgiving recess, but key members remain and could approve legislation by voice vote if no member objected. To have a full vote of the Senate would require calling a session after Thanksgiving. (AP)

Conferees Work on Gun Control

WASHINGTON — Senate leaders say that the Brady bill, requiring a five-day waiting period for

Quote / Unquote

Attorney General Janet Reno, commenting on the Senate's action on the Brady handgun-control bill: "You at least ought to make possessing a handgun, no matter where you possess it, as difficult as it is to get a driver's license."

Away From Politics

• A sky diver struck an airplane while free-falling, damaging it so severely that it went into a spin and crashed, killing the four people aboard. The parachutist, Alfred Peters, 51, survived after hitting the tail of the single-engine Piper near Northampton, Massachusetts. The authorities said he hit the plane at 7,500 feet, broke his ankle, and then deployed his parachute.

• A national survey of postal workers has found what senior postal officials describe as an alarming rate of racial, sexual and job safety complaints. Nearly one in three minority postal workers reported experiencing racial discrimination in the past year and nearly one in five female postal employees believes she was subjected to sexual discrimination. As well, one in five workers felt unsafe while working.

• A man described as a religious zealot opened fire in New Orleans, killing his girlfriend, their 4-month-old twins and her 9-year-old daughter. He then killed himself. So far this year, the city has had 350 homicides.

• Space agency officials have decided to proceed with the Dec. 1 launching of the space shuttle Endeavour despite a faulty pressure sensor. The mission is to repair the Hubble Space Telescope.

• Dr. Jack Kevorkian was present when a fellow physician died by inhaling carbon monoxide in Royal Oak, Michigan. It was the second death attended by Dr. Kevorkian since he was freed on bail on a charge of illegally assisting a suicide less than a month ago, and the 20th he has attended since 1990, his lawyer said.

Bayerische Landesbank Bulletin

MONEY AND CAPITAL MARKETS REPORT

GERMAN BOND MARKET STRIKING PARALLELS

A comparison of the present interest-rate cycle with previous ones reveals striking parallels: Excess liquidity is helping to nudge interest rates down.

Even after the latest cut in the key rates, hopes for a further fall in interest rates are still alive. While in the past such a constellation of rates-cyclical flow of bond yields and a lowering of the key rates had almost inevitably triggered a setback in the bond market (at least a temporary one), there was hardly any reaction this time. Although the ten-year yield is at its lowest level in the past five-and-a-half years and only some 50 basis points above previous lows (e.g., 1978 and 1987), there is still room for a fall in the key interest rates and thus in the rates at the short end of the market.

At any rate, the fundamental situation in the late autumn of 1993 is such that no early interest-rate reversal need be feared. After the swift decline in interest rates, however, mainly since the start of the currency turmoil in the EMS in the autumn of 1992, the question as to the remaining downside potential looms large.

Interest rates have come a long way since the cyclical peak in the autumn of 1990, when ten-year bank bonds yielded 9.1 per cent, five-year bonds 9.15 per cent and time deposits as much as 9 3/4 per cent; the long-term yield is now almost one-third lower, and the yield on medium-term bonds and that at the short end of the market are down approx. two-fifths and one-third, respectively. A comparison with the previous interest-rate cycle shows the following picture: The rate for five-year securities dropped by some three-fifths between 1981 and 1987, the ten-year yield halved, and money-market rates in the summer of 1987 were down to a quarter of their 1981 level.

A comparison with previous interest-rate cycles reveals striking parallels: Similar to the situation at the time of the 1978 and 1987 interest-rate lows, ample liquidity has helped to nudge rates down, most of which came from foreign sources (including reinvestments of German capital by Luxembourg-based investment funds).

Another point worth mentioning: In 1978, the lowest nominal rates for five-year and ten-year public bonds were 5 per cent and 5 1/2 per cent, respectively. In 1987, the yield on five-year special federal bonds, with a coupon of five per cent and an issue price of 100.80, fell to 4.82 per cent; ten-year federal bonds had a coupon of 5 1/2 per cent. In the current cycle, special federal bonds yield 5.26 per cent and ten-year bonds return 5.88 per cent.

However, when trying to fathom the remaining potential for interest-rate cuts, one should not rely too much on past experience; instead, it would seem preferable to look at the factors determining the current trend. The

following positives and negatives have to be taken into account:

• Inflation will continue to cool in 1994, so that there will hardly be any need to keep money tight on this account. The rise in prices — in October the figure "three" reappeared before the decimal point for the first time — should slow down to a three-per-cent pace next spring.

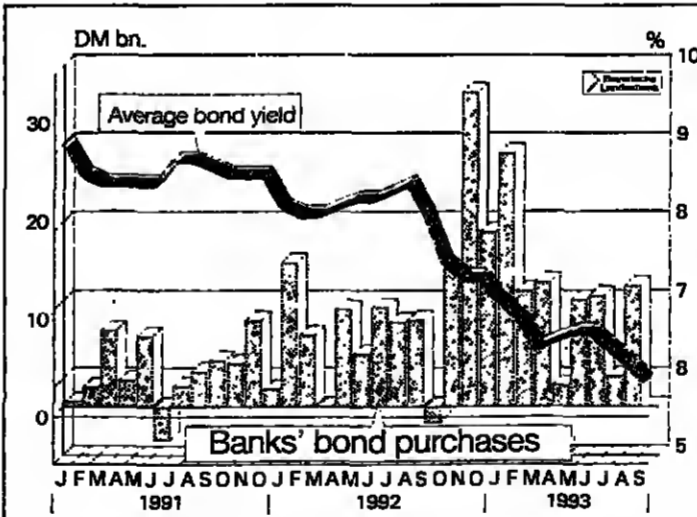
• The demand for loans and capital will grow at a moderate pace in 1994. Housing construction and (probably) public-sector borrowing demand will not be much higher than in 1993, though the latter will be noticeably above the average for the preceding years. The corporate sector's borrowing demand will probably diminish in 1994.

• The investment potential will again be sufficiently high next year to allow the demand for capital to be met without difficulty. If the D-mark remains strong, D-mark investments will continue to be favoured by foreign investors. The steady growth of household wealth can be expected to continue.

These positives tend to stabilise the bond market, while the negatives do not yet give cause for serious concern, though they may cause some irritation from time to time. The negatives are a possible reversal of US monetary policy and uncertainty regarding the future course of exchange rates.

Weighing the negatives against the positives, we see no likelihood of a drastic change in the direction of interest rates. The Bundesbank will continue the balancing act between external necessities and internal requirements.

It has already been successfully performing this year. This means a further reduction in money-market rates, which — if past cycles provide any clue — still have room for a fall of about 150 basis points.



German banks have sharply increased their net purchases of fixed-interest securities. In the past two years, they have alternated with foreigners as the dominant investor group in the German market. Since the fourth quarter of 1992, banks have added DM155 billion worth of bonds, or more than two-fifths of total net purchases, to their portfolios. With the yield curve taking on its normal shape again, banks should remain buyers of fixed-rate securities. Their present holdings of bank-bonds and public bonds come to more than DM 700 billion.

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Rabin Is Showing the World What Leadership Is About

By Jim Hoagland

WASHINGTON — With a month to go and the remarkable events of 1993 to assess, Time magazine and other organizations with the hubris to choose a Person of the Year have long workdays ahead. One statesman seems to me to tower over the other deserving nominees: Israeli Prime Minister Yitzhak Rabin.

True, Foreign Minister Shimon Peres and PLO Chairman Yasser Arafat did most of the heavy lifting that led to the September Israeli-Palestinian peace declaration. But it is what Mr. Rabin has done since that declaration of principles was signed on the White House lawn that lifts him toward greatness.

That differentiation might not seem like the most difficult of human tasks, but it is central to the sea change in Israeli attitudes that Mr. Rabin seeks. Until now, everyone and everything associated with the PLO had been stigmatized by many Israelis, including Mr. Rabin, as evil incarnate.

Leadership is about making distinctions. Mr. Arafat for his part has only reluctantly begun to acknowledge that there are innocent Israelis and to condemn the terrorists who murder them. While Mr. Rabin's speech at the White House soared because of its acknowledgment of the awful pain of having to look beyond the crimes and losses of the past toward a future peace, Mr. Arafat's fell with a thud because it sought to evade the past.

71st year. He is not relying on Mr. Arafat's promises but on Mr. Arafat's situation, and on Israeli resolve, to turn the words of peace into concrete arrangements.

The PLO will have to accept that Israel will maintain security control over the frontiers of the Gaza strip and the West Bank, over Israeli settlements and over the roads along which Israelis move until final status negotiations are concluded, Mr. Rabin told a group of journalists at Blair House. Everything else can be negotiated, he suggested.

He reeled off a list of the Palestinian organizations, including the Islamic fundamentalists of Hamas, "that are against the agreement and disorganization as the reason for the slowness of the Israeli-Palestinian negotiations, which are to be concluded by Dec. 13. He rejected a questioner's assertion that the PLO had the experience of once running Lebanon, a myth spread

by both Mr. Arafat and Israeli hard-liners.

Mr. Rabin's refusal to gloss over an agreement that is a surrender of the PLO's historic goals is an impressive contribution toward peace. The Israeli leadership understands that just as the Israelis had to be reassured by Mr. Arafat's renunciation of terrorism and holocaust denial, the Palestinians need to be reassured that Israel genuinely intends to end the occupation begun by the 1967 war.

A practitioner of the politics of force — his most criticized mass deportations last December and seven-day bombardment of Lebanon in July helped set the stage for Mr. Peres's September breakthrough — Mr. Rabin holds the key to Mr. Arafat's political and physical survival. Only through peaceful coexistence with Israel can Mr. Arafat overcome his Arab enemies and build a tax base to replace the Saudi and Kuwaiti funds that his organization has been denied since 1990, when Mr. Arafat bet on Saddam Hussein.

Mr. Peres would be a worthy co-leader for the 1993 honors, as would South Africa's Nelson Mandela and F. W. de Klerk. But agreements are not enough for peace to become a reality. Acts and discipline are needed as well. His demonstrated understanding of that reality since Sept. 13 set Mr. Rabin apart this year.

The Washington Post

A Victory for South Africa

South Africans of every color, haves as well as have-nots, have brought off a considerable political feat. They agreed last week to an interim constitution free of racist taint; it makes full citizens of blacks, who comprise three-fourths of the population. It establishes a multiracial transition regime that will govern until April 27, when an elected parliament will give final form to the new system.

The interim document incorporates a bill of rights, assures minority parties a cabinet vote for an initial five years, dissolves 10 apartheid-enforced homelands, yields important powers to regional governments and is crowned with a constitutional court, judges named by the president from a list prepared by a nonpartisan judicial panel.

A generous realism marks the compromises struck by President Frederik de Klerk and his chief negotiating partner, Nelson Mandela. Mr. de Klerk yielded on his earlier demand for entrenched protections of a white minority that was one of the wealth. Mr. Mandela agreed to protect the jobs and pensions of government workers and provide compensation for land distributed to landless blacks.

Yet experience amply shows that democracy is not just a matter of written constitutions and secret ballots. The potential ingredients of disaster are evident. White extremists threaten violence, and the apartheid Conservative Party has boycotted the constitutional talks. So has the Zulu-based Inkatha Freedom Party and its stiff-

necked leader, Chief Mangosuthu Buthelezi — who, with hard-line whites, demands ethnic self-determination and regional autonomy. For months there has been strife between Inkatha activists and supporters of Mr. Mandela's African National Congress.

A bloody and boycotted election might give South Africa's powerful and lightly reined military and security forces the pretext for a takeover. Given the rage and frustration of jobless youngsters in black townships, civil war might loom if the African National Congress, the likely winner at the polls, were robbed of victory. Hopes for peace would perish and productive whites would flee, leaving the field to rival warlords.

Yet if that peril is real, so is the promise of a successful transition. The constitutional talks have bred habits of give-and-take; decent South Africans have stopped shouting across the abyss that divides them. Mr. Mandela's eloquence and dignity have reassured worried whites; Mr. de Klerk's plainspoken pragmatism has won votes across color lines for the National Party. New mediating groups like the Institute for Multi-Party Democracy are spreading the democratic gospel.

Although Chief Buthelezi has boycotted constitutional talks, his aides have discreetly taken part in talks with election officials. Similarly, the Conservatives may relish a chance to square accounts at the voting booth with the National Party. And why not? That's democracy.

— THE NEW YORK TIMES

Diplomacy for North Korea

As the crisis over North Korea's pursuit of a nuclear bomb builds, so do international diplomatic efforts to ease it. On the outcome rests not just a crucial issue of proliferation — whether a reckless renegade nation comes into possession of atomic weapons — but the whole question of regional stability and the possibility of another Korean war.

Clinton diplomacy is proceeding in two ways to induce Communist North Korea to permit the inspections that would give something like reasonable assurance that North Korea was forsaking a bomb. Unfortunately, the North's record of duplicity and its capacity for secrecy make it unreasonable to count on full assurance. Even in the best circumstances, high vigilance will have to be maintained.

Following the first way, the administration envisions a broad deal: international inspections in exchange for economic concessions, admission to global security and, meanwhile, cancellation of the annual U.S.-South Korean military exercises with which Washington has long demonstrated its treaty commitment to defend Seoul, with nuclear weapons if necessary. This seems like giving a lot. To be acceptable at all, this deal would have to provide for unplanned as well as planned inspections of all the North's nuclear works, suspected as well as known.

At the end of the second way lies accom-

modation of the two Koreas, concentrating on the nuclear issue. The North had started down the road of international inspections. It then halted. These inspections must be resumed, but, rightly, the Clinton administration also now seeks to revive the dragging agreement on nuclear dialogue and mutual inspections that North and South signed a year ago. The idea is to use their presumed shared interest in nuclear security to build contacts and confidence that could be applied to other common concerns.

Tougher economic sanctions or, the North's conduct permitting, steps toward normalization are the incentives for North Korea to cooperate with an American initiative that necessarily relies heavily on collaboration with China and Japan as well as South Korea. The American working premise is that North Korea is a difficult but finally "normal" state that is bargaining hard for the best terms. This is at least problematical. It could turn out that Pyongyang perceives no proliferation not simply as a threat to its nuclear option but as a step toward the opening of its society and therefore a threat to its very survival. That would mean that its rogue status is built in and not subject to diplomatic easing, in which case other tougher measures would have to be brought to bear.

— THE WASHINGTON POST

Irish People Want Peace

If Israel and the PLO can talk directly, then why can't Britain do the same with Sinn Fein, the political wing of the outlawed Irish Republican Army? The IRA seemed to give its answer in October when it bombed a fish shop in a Protestant area of Belfast, killing 10 people. When Protestant gunmen retaliated by killing Catholics, there were six more fatalities; it was the worst carnage in years in British-ruled Northern Ireland.

On its face, this reciprocal violence appeared to doom a new peace initiative aimed at drawing Sinn Fein and its leader, Gerry Adams, into talks. But the Belfast bombing deceptively obscured deep divisions and a pervasive battle-weariness even within the IRA. There was sufficient evidence of this to prompt last week's carefully worded appeal to Mr. Adams by Prime Minister John Major to renounce terror "and join the dialogue on the way ahead." When he says that "some cherished positions will have to be modified" in the quest for peace, he is signaling British flexibility and recognizing the political reality that a silent majority on both sides yearns for peace.

This follows soundings by John Hume, who speaks for the nonviolent majority of the province's 650,000 Catholics. Earlier this year, Mr. Hume met privately with Mr. Adams to discuss on what terms Sinn Fein would use its influence to end the terror campaign. The North's Protestant hard-liners assailed Mr. Hume for meeting with Sinn Fein, and after the Belfast bombing objections argued that in any case Mr. Adams could not control his armed comrades. But the reality is more complicated.

Undeniably, Sinn Fein speaks for the deeply alienated third of the Catholic electorate in Northern Ireland. Mr. Adams's constituents are the jobless poor living in barricaded slums who have no trust in a system that they believe is loaded against them. Without their sympathy, the IRA would be out of business. Yet despite the grievances of this alienated community, enough was achieved in the Hume-Adams talks to generate encouraging statements from the prime minister and foreign minister of the Irish Republic, both weary of an interminable, destructive conflict.

For IRA fundamentalists, there is only one goal, a united Ireland — which a million Protestants in the North overwhelmingly reject. Two Unionist parties are committed to preserving the province's ties to Britain, and Mr. Major's government relies on the parliamentary votes of these loyalists. Doubtless that circumscribes his negotiating room. Even so, Americans are baffled by the fierce persistence of this conflict.

In crucial ways, the island is already united. As members of the European Community, Britain and the Irish Republic impose no tariffs on each other. Both parts of Ireland offer citizenship rights to citizens who cross the island's borders, or move to and from Britain. Building on this unusual kinship, Britain and Ireland signed an agreement in 1985 that gave the Dublin government a consultative role in Northern Ireland. But the agreement went too far for Protestants, and not far enough for the North's Catholics.

Mr. Major's appeal to modify cherished positions is not only right but overdue. A surely the essential first step is to end the killings, and bring this conflict to the conference table. When Mr. Adams can say that with conviction, he will have earned a seat.

— THE NEW YORK TIMES

Other Comment

South Africa: Moving Too Fast?

The breathtaking speed with which the most important South African negotiating partners completed work on a draft constitution has come as a surprise. But perhaps the haste was excessive; several crucial issues have been left unresolved, such as conditions for April's election, and the question of the federal structure of the future South Africa. And what if some of the "homelands" decide not to give up their semblance of independence? As it stands, the draft constitution sidesteps too many fundamental issues, which bodes ill for the future.

— Neue Zürcher Zeitung (Zurich)

A Fair Ban on Production of Plutonium Would Apply to All

By José Goldemberg

PRINCETON, New Jersey — The Clinton administration's new nuclear nonproliferation policy reopens the Pandora's box of proliferation around the world at a time when it was slowly being closed.

The policy, unveiled in September, states that the United States will "not oppose" programs by Japan and Western Europe to keep producing plutonium for use in grade material, for civilian use, while it will seek to discourage such activity in "regions of instability and high prospective risk."

Plutonium separated from spent Japanese fuel in European repro-

cessing plants will be sent back to Japan to be used to fuel a \$5 billion prototype breeder reactor that burns and produces more plutonium.

By the year 2000, Japan will have its own large reprocessing facility to separate plutonium from spent fuel; more importantly, it will have a large stockpile of plutonium ready for use in weapons. Why should Japan be permitted to produce plutonium while developing countries like Brazil are considered suspect when they set up plutonium reprocessing or uranium enrichment facilities?

To imply that Japan is more trustworthy than developing countries requires deep concerns about the discriminatory character of American policy. That policy will strengthen the hand of those in developing countries who have urged their leaders to acquire nuclear weapons, at a time when progress has been achieved in adherence to the Nuclear Nonproliferation Treaty.

How can military establishments and their civilian allies be persuaded that while they are denied the right to enrich uranium and produce pluto-

um they are not giving up important technologies for production of energy in the future?

Tokyo is not prepared to forego such technologies even though Japanese leaders and scientists know that reprocessing nuclear fuel to recover plutonium as an energy source makes no economic sense. It will only serve as a political justification for the heavy investment in nuclear facilities already made.

What if the mounting stockpile of plutonium is eventually converted to military use? Such suspicions are frequently cast on many "near-nuclear-threshold" developing coun-

tries. But what makes Japan different? A more acceptable course of action for the Clinton administration would be a nondiscriminatory nuclear policy in which all countries would indefinitely forego reprocessing of spent fuel to produce plutonium.

This would not hurt the prospects of the nuclear industry and would ensure that civilian programs do not feed military ambitions.

The writer, a visiting professor at Princeton University, is a former secretary of science and technology in the Brazilian government. He contributed this comment to The New York Times.

'Greater China' Should Think Again About Being So Different

By George Hicks

HONG KONG — The World Chinese Entrepreneurs Convention, which ends here Wednesday, is a celebration of the growing economic power of a community that extends from East Asia to form a de facto global network. There are now

businessmen to work together and take full advantage of the many opportunities around us.

The idea that all Chinese belong to one big family is peculiarly Chi-

Taiwan. Yet it encompasses about 20 million ethnic Chinese in Southeast Asia and an additional 5 million mainly in North America, Australia and Europe. China's supercharged economic growth and its increasing integration with the dynamic economies of Hong Kong and Taiwan have given impetus to a new ethnic vision. A few weeks ago, a large conference in Shenzhen discussed Greater China. Next week a big gathering will be held in Shantou, also in China, on the international ethnic Chinese economy.

For centuries, the West was able to ignore the Chinese world. Now it will have to listen. Attention so far has focused on the astonishing economic growth of China and on the power of its economic and military might. Little attention has been paid to associated ideological developments. If Greater China ever began to get its act together politically, the West would be in for

some seriously unsettling shocks. The Chinese world may appear relatively Westernized and modern to Western eyes, but its inner spirit is quite different. The universalism and egalitarianism of the West is replaced in the East by a sense of hierarchy and cultural affinity.

For most of the last two centuries, Britain and then the United States had the power to more or less impose their values on the world. This is no longer the case. As American power retreats and the power of East Asia, especially Greater China, rises, the West will have to learn to coexist with those it can no longer dominate, and to adapt to values it finds alien.

Most Asian governments reject the passionately held Western belief that human rights are universal. When Bill Clinton pressed Jiang Zemin in Seattle on China's human rights record, the Chinese president responded with a 15-minute lecture on how states should not interfere in each other's internal affairs.

What would the West lose if it

accepted the East Asian argument that human rights are not universal — or at least that they may have different meanings in different societies? Perhaps not much. Yet East Asia, sheltering so comfortably under the American security umbrella, might lose a lot. It could find that access to the West of its view would play into the hands of Western racists and isolationists.

"Timanment? Well, what would you expect from the Chinese?" This, in turn, would undermine the important noneconomic rationale in the West for foreign aid, many educational programs, support of United Nations peacekeeping and the U.S. role in helping to maintain security in the Asia-Pacific region.

The ethnic Chinese entrepreneurs meeting so exclusively and triumphantly in Hong Kong this week should perhaps spare a thought for what they owe to Western education, rule of law and the huge, wide open American market of the last 45 years.

Greater China may now have an economic foundation that is strong enough to reject Western values and project its own, but does it have values which offer much to the rest of the world? Three decades of great Japanese economic power have added much to global prosperity. However, they have not contributed much philosophically, morally or ideologically to the world's needs.

To their credit, the Japanese have not tried to export their ideas on the virtues of a hierarchical society or of the racially exclusive attitudes that make possible the cruel discrimination against the Korean minority in Japan.

Does Greater China have more to offer the world than Japan does? Defining an "Asian concept" of human rights in which political and civil liberties are subordinated to economic development may be fine for ruling elites; but does it have enduring appeal to the mass of the world's population?

The Western ideal, if not always the practice, that all humans are created equal and have certain inalienable rights, at least holds hope for a better world.

Most of the values proposed by Asian critics of the West are negative injunctions: Restrict rampant Western individualism such as free speech, control the press, and don't interfere in the internal affairs of another state. Positive Asian values such as the universal right to adequate food and shelter, or support for capital punishment, are less than inspirational. Can the East offer an alternative vision of the values needed for a better world?

The writer, an economist and author of books on Asia, contributed this comment to The Herald Tribune.

The Loyalty of Overseas Chinese Belongs Overseas

By Lee Kuan Yew

The writer, now senior minister, is the former prime minister of Singapore.

HONG KONG — In 10 years at the present rate of migration from Hong Kong, Taiwan and China to the United States, Canada, Australia, New Zealand and Europe, there will be thriving pockets of Chinese entrepreneurs and professionals in the main cities of those places. The potential for economic networking is considerable.

People feel a natural empathy with those who share their physical attributes. This sense of closeness is reinforced when they also share basic culture and language. It makes for easy rapport and the trust that is the foundation for all business relations.

Minority ethnic groups scattered around the world have built up networks for trade and investments, and brought in technology and expertise. Joel Kotkin, in his book "Tribes: How Race, Religion and Identity Determine Success in the New Global Economy," describes powerful factors for economic success. Networking between people of the same race has always existed, but it is now more efficient because of international direct dial telephone services, fax machines and air travel.

The most spectacular example of networking today is in China. After the action taken against the pro-democracy movement in China in 1989, Japan and the West stopped their investors and tourists from going there. During this critical period, ethnic Chinese from Hong Kong, Macau and Taiwan seized the opportunity and increased their trade and investments, profiting from China's increasingly free market economy. After they succeeded, ethnic Chinese from Southeast Asia joined in.

By 1992, the results startled the world. China's economic growth went up to 12 percent per annum. This has revived American, European and Japanese interest in China.

What ethnic Chinese from Hong Kong, Macau and Taiwan did was to demonstrate to a sceptical world of *guanxi* connections through the same language and culture can make up for a lack in the rule of law and transparency in rules and regulations. This *guanxi* capability will be of value for the next 20 years at least, until China develops a system based on the rule of law, with sufficient transparency and certainty to satisfy foreign investors.

For the next two decades or more, East Asia will grow faster than any other region of the world, and China is where the main certainties and administrative and legal weaknesses, is the biggest draw because of its low labor costs, well-educated urban work force, vast domestic market and a prominent bureaucracy.

As China's economy grows, the

value of investments from the United States, Europe and Japan will dwarf that of the overseas Chinese. But China will not forget that it was Hong Kong and Taiwan Chinese who demonstrated between 1989 and 1992 that investments in China can be successful, when there is good *guanxi*.

The reaction of some indigenous media in countries of Southeast Asia that have non-Chinese majorities is one of concern. The Indonesian newspaper *Merdeka* said in July that it was not impossible that the flight of capital owned by the Chinese minority in Indonesia would "increase to a level which undermines the development of our internal economy." Others have expressed concern about the loyalty of their ethnic Chinese, investing their capital in their home villages and counties in China when their own countries, from which they derived their wealth, needed this capital in a world hungry for investments.

If relations turn sour between any member of the Association of South East Asian Nations and China, those ethnic Chinese who have invested in China will be criticized for disloyalty. Some have revived ancestral links with their native villages by an act of benevolence, like building a school, hospital or university. Such acts establish good *guanxi*, which means favorable terms for investments.

But when people's anti-China feelings are redirected at ethnic Chinese in their midst, they ignore the simple fact that capital has always flowed toward those places offering the highest returns.

Ethnic Chinese who come from such sensitive countries should take care that their investments in their own nations do not diminish as a result of their China investments. And they would do well to use the same *guanxi* to increase China's trade

with, and investments in, their home countries. This is possible and indeed probable within 10 years.

China can maximize returns on its technology and capital by using links with ethnic Chinese in Southeast Asia to invest in Indonesia, Malaysia and Thailand, where energy resources are abundant and labor costs low. That investments can be two-way is best illustrated by China's many investments in Hong Kong.

Ethnic Chinese entrepreneurs are outstanding for their ability to bridge different cultures. For example, they bring Japanese technology to Indonesia or American technology to China, while taking original research to Americans, Europeans and Japanese.

American business schools are puzzled as to why overseas ethnic Chinese enterprises have not focused on product or technology development but instead have become traders in licenses and knowledge. The reason is that they have a more profitable and valuable role in integrating these developments with the industrialized West because of their advantage through multiculturalism.

Changes, with time, bring about new situations. For example, most Chinese in America, Europe and Australasia no longer speak Chinese, although they remain culturally Chinese. Even in Southeast Asia, with the exception of Singapore and Malaysia, ethnic Chinese do not learn their own mother tongue in their national education system. But a new generation is growing up which can network effectively in English, helped by some Chinese dialects.

Ethnic Chinese communities in Southeast Asia have been distinguished by their ability to adapt to the cultures and languages of their adopted countries. They develop a facility to speak several languages — the language of their new home, their Chinese dialects or Mandarin, and often also English.

A golden thread that binds the younger generation of Chinese entrepreneurs and professionals outside China is their Western education, for most of them in English. The biggest contribution they can make to mainland Chinese culture is to be examples of the economic value of multiculturalism, derived from coexisting with and absorbing the good points of other cultures.

At the same time, overseas ethnic Chinese have to guard against Chinese chauvinism as they become successful. This is even more important as China becomes prosperous and strong. For China's success can gen-

erate fears that it will dominate the region, especially if it is seen to be a competitor for investments rather than a partner in regional prosperity.

We are ethnic Chinese. We share certain characteristics through common ancestry and culture. We can build up trust and rapport easily between ourselves. But we must be honest and recognize that at the end of the day our fundamental loyalties are to our home country, not to China.

To think otherwise and believe that we have more in common with one another and with the country of our ancestors than we do with our fellow citizens in our respective new homes is unrealistic. It will lead to grief when our interests fail to coincide. It will also cause misunderstanding and friction with our fellow citizens who are not ethnic Chinese, even in countries where ethnic Chinese form the majority community, as in Singapore.

This comment has been adapted by the International Herald Tribune from a speech by Mr. Lee in Hong Kong on Monday opening the Second World Chinese Entrepreneurs Convention.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Lynch Mob in Iowa

PARIS — During the trial of a man in Ottumwa, Iowa, for assault on a four-year-old child, a mob invaded the Court-room. The mother provided a rope. The father tied the knot. The mother spat on the man and cried: "Now, take him!" The crowd then hanged him to the Court-room ceiling.

1918: War Winds Down

PARIS — The successive occupation of the liberated localities in Lorraine continued to-day [Nov. 22] amid magnificent enthusiasm. At Colmar, notably, the ceremonial entry of General Castelnau took place amid the acclamations of the whole population, which demonstrated its attachment to France in particularly touching fashion.

LONDON — In the dead of night the Grand Fleet stood out to sea for the ceremony that has no precedent in history. Russia's mighty armada, crushed without a fight, was already

on its way to give itself up, an inglorious captive, to the sailors of Britain. Today [Nov. 22] the ex-Kaiser's fleet, which was to make Germany's future, lies silent and impotent in a Scotch bay, imprisoned within a ring of steel. The thing seems stunning, incredible, and no wonder some British officers doubted to the last the reality of the event.

1943: Assault on Berlin

LONDON — [From our New York edition] British bombers, swung back into action after a two-day lay-off, returned to Berlin last night [Nov. 22] and subjected the German capital to its nineteenth aerial assault of the war. Berlin radio announced today's second assault, in which more than 2,500 tons of bombs were dropped on Berlin and the twin Rhine River cities of Ludwigshafen and Mannheim. The British bombers were reported by Berlin to have struck the heart of the city last night.

International Herald Tribune advertisement listing contact information for various offices and subscription rates.

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OPINION

A Whining Clinton and Two Others

WASHINGTON — Last week, we saw three Bill Clintons in action: the thin-skinned politician, the maturing president, and the simplistic pitchman. It began with an outburst of self-pity. At the end of an interview with William Greider and Jann Wenner of Rolling Stone magazine, a Clinton nettled by questions about his ideological firmness blew up: "I have fought more damn battles here for more things than any president has in 20 years," he blustered, "with the possible exception of Reagan's first budget, and not gotten one damn bit of credit from the knee-jerk liberal press, and I am sick and tired of it, and you can put that in the damn article."

By William Safire

Because of the way people like you put questions to people like me. So shut up, you radio-bugs; your mean questions are making your only president blubber all over his new Oval Office carpet. After this puerile display of petulance, a quite different Clinton made his appearance. As a Roosevelt Roomful of media biggies gathered for a NAFTA- eve briefing, the president seemed to just wander in before the administration briefers. His easy command presence made you feel that a pro was in charge of the country. When his aides came in (on cue, but seemingly late) he mock-chastised them for keeping us heavy-hitters waiting: "You mean you let these guys talk to each other?"

— use the North American and Asian groupings to leverage a lowering of European tariffs. That was impressive. The second Clinton had a foreign economic strategy, the support of Republicans, and was prepared to risk labor's wrath in leaning on Democrats to stick in his linchpin. His underrated White House arm-wrestlers delivered for him. But then, in Seattle, yet another Clinton emerged. To deal at the highest level with China after Tiananmen Square, three great facts must be understood. First, China and the United States share an interest in stopping nuclear spread, especially to North Korea. Second, China's economic boom depends on U.S. purchases. Third, the next generation in Asia looks to Washington to induce Beijing to let its new economic freedom spill over into political rights.

Take Off These Blinders And Deal With Violence

By Bernd Huppaut

NEW YORK — Violence and acts of brutality are going on in every corner of the world. Wars and civil wars that no one seems to have the power or determination to stop — in the former Yugoslavia, in Georgia and Azerbaijan, in Northern Ireland, in Nigeria — continue unabated. And what might be called the undeclared wars in our cities, from Los Angeles to Johannesburg, also spiral out of control.

begin to speak of a utopia: a civilized society (to use Kant's phrase) in eternal peace.

But this denaturalization required a new concept of "legitimate" violence. Violence was turned into a means: it was freed from traditional limits, and now defined as a response to unlawful rule and domination. It was justified even before the court of reason.

MEANWHILE

By the end of the 19th century, production had become conflated with destruction, and the economies of industrial societies were increasingly based on the destruction of landscapes, lives and property. Technology provided the pattern not only for economic progress but also modern warfare. Consider typical photographs from World War I. With the proud gestures of merchants standing before their stores, German officers posed on piles of rubble. Standing on the ruins of blown-up houses, these officers demonstrate to the viewer the astounding success of modern armaments, made possible by technological innovations.

This gave rise to the pervasive forms of violence we think of as characteristic of modern life. This ubiquitous aggression, which we may experience at home, in a factory or at school, has been called structural violence.

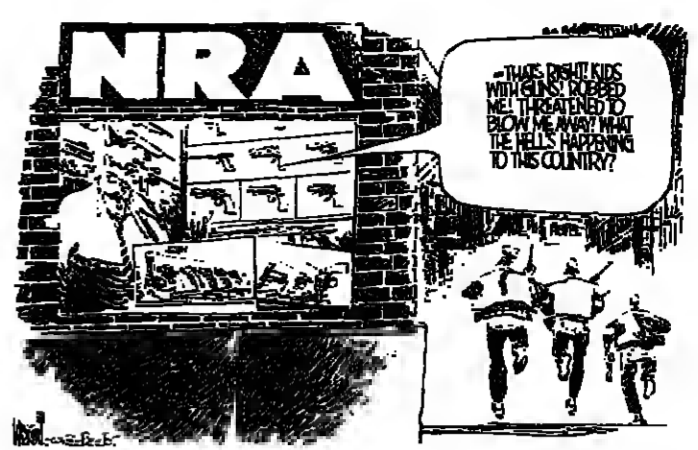
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Consider typical photographs from World War I. With the proud gestures of merchants standing before their stores, German officers posed on piles of rubble. Standing on the ruins of blown-up houses, these officers demonstrate to the viewer the astounding success of modern armaments, made possible by technological innovations.

Yet we find it psychologically difficult to accept that violence is the product of our own making. The disbelief that wars and brutal acts are still possible in our world is part of our distress when reading the news about violence in Yugoslavia, Somalia or the far side of our town.

As long as we maintain the concept of Western history as one of a civilization moving from barbaric violence to rationality and peace, open and brutal violence is perceived as part of another world — one that was once beyond the northern border of Greece, where the barbarians lived, and is now beyond the border of our civilization or the walls of our homes. From this perspective, violence becomes an intruder from this outer sphere and is present in our world by default, as an exception, a deplorable relic in an otherwise civilized system.

Yet accepting that the world will not be free from violence is not the same as accepting violence. Paradoxically, letting go of the ideal of eternal peace may increase our ability to make peace. "The Israeli and the Palestinian peo-



These statements, made by both Shimon Peres and Yasser Arafat at the signing of the Middle East pact on Sept. 13, were concrete and practical: they did not refer to a vision of a world free from violence and war.

It is not the time now to echo the grand vision of human perfectibility and historical progression. The end of the utopian ideal of eternal peace should not only be interpreted as a loss but also as an act of liberation.

The writer is a professor of German at New York University. This is adapted from a speech at an NYU conference in October on "Violence, War and Modern Memory." He contributed this comment to The New York Times.

ple who fought each other for almost a century have agreed to move decisively on the path of dialogue, understanding and cooperation. I want to tell the Palestinian delegation that we are sincere, that we mean business. We will need more courage and determination to continue the course of building coexistence and peace between us. Such a shift will give us an opportunity to embark upon the process of economic, social and cultural growth and development.

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A Bridge in Kennedy's Honor

By Rudolf Scharping

The writer is chairman of the German Social Democratic Party and premier of Rheinland-Palatinate.

MAINZ, Germany — Germans everywhere were getting ready for bed on that night 30 years ago when radio and television broadcast the shocking news of the assassination of President John F. Kennedy. Germans of my age and older, like many Americans, remember where they were when they heard the news. This senseless death touched their hearts, their aspirations, and their dreams of a new beginning, and of a better and more peaceful life, their longing for a political renewal.

the vision of German-American relations and an Atlantic partnership that he described in a speech in Frankfurt in June 1963: "We are partners in securing peace. The ocean separates us less than the Mediterranean Sea separated the worlds of the Romans and Greeks. We have an old and you have a new constitution. We have a young and you have an ancient culture. Concerning our obligations to freedom all of us must speak the same language. Our roles are different but they supplement one another. Our goals are the same. Peace and freedom for all mankind for all times." Times have changed since then, not least in Europe. But the goals and missions remain: Germany, Europe and America are called upon, each according to its means, to cooperate under different conditions so that Mr. Kennedy's vision — which Willy Brandt shared — may become reality.

Visionary though he was, Mr. Kennedy could not have foreseen the recent upheavals in Europe. We must continue our efforts and never allow the wheel of history to be turned back by the forces of old. To go on working for the unity of Europe and for a stronger trans-Atlantic relationship shall be our contribution to maintaining the memory of John F. Kennedy. It is good to have a bridge in Bonn named for him. But more important is the bridge of cooperation spanning the Atlantic, built through the diligent efforts of people on both sides.

International Herald Tribune.

A Lack of Accountability

Regarding "You Can Take Heart From U.S. History" (Opinion, Oct. 29) by Stuart E. Eizenstat.

Mr. Eizenstat, the U.S. ambassador to the EC, says that the European Community "has been blessed with visionary leaders like Jacques Delors." The Delors approach and the EC Commission's bureaucratic way of imposing measures that affect daily life and national sensitivities without adequately explaining why, have turned many keen Europeans against greater integration at a time when we need it most to cope with the collapse of Soviet communism, and the fighting in former Yugoslavia, and economic recession.

The Issues in Kashmir

Regarding "Dangerous Echoes in Kashmir" (Other Comment, Nov. 3).

Kashmir, the entire Kashmir and nothing less, is legally and constitutionally a part of India. It is Pakistan that is occupying one-third of Kashmir. The troubles in Kashmir have, over the years, driven out hundreds of thousands of Hindus; they will need to be resettled in their ancestral homes. More than 100 million Muslims, meanwhile, live in freedom in India.

Attention at Last

Regarding "These Numbers on Births Tell a Frightening Story" (Opinion, Nov. 3) by George Will.

How heartwarming that with the demon of communism vanquished, Mr. Will and certain of his conservative brethren have begun turning their attention to their own country. Not surprisingly, they don't like what they see: crime, drugs, slaughter in the inner cities, and, as Mr. Will informs us, a rising pregnancy rate among women, particularly black women.

Voiceless and Frustrated

Regarding "The Professor Declares War on Free Speech" (Opinion, Oct. 28) by George F. Will.

George F. Will persists in belittling Catherine MacKinnon's concept of "voicelessness" by asserting that she is "abiquitous and loud."

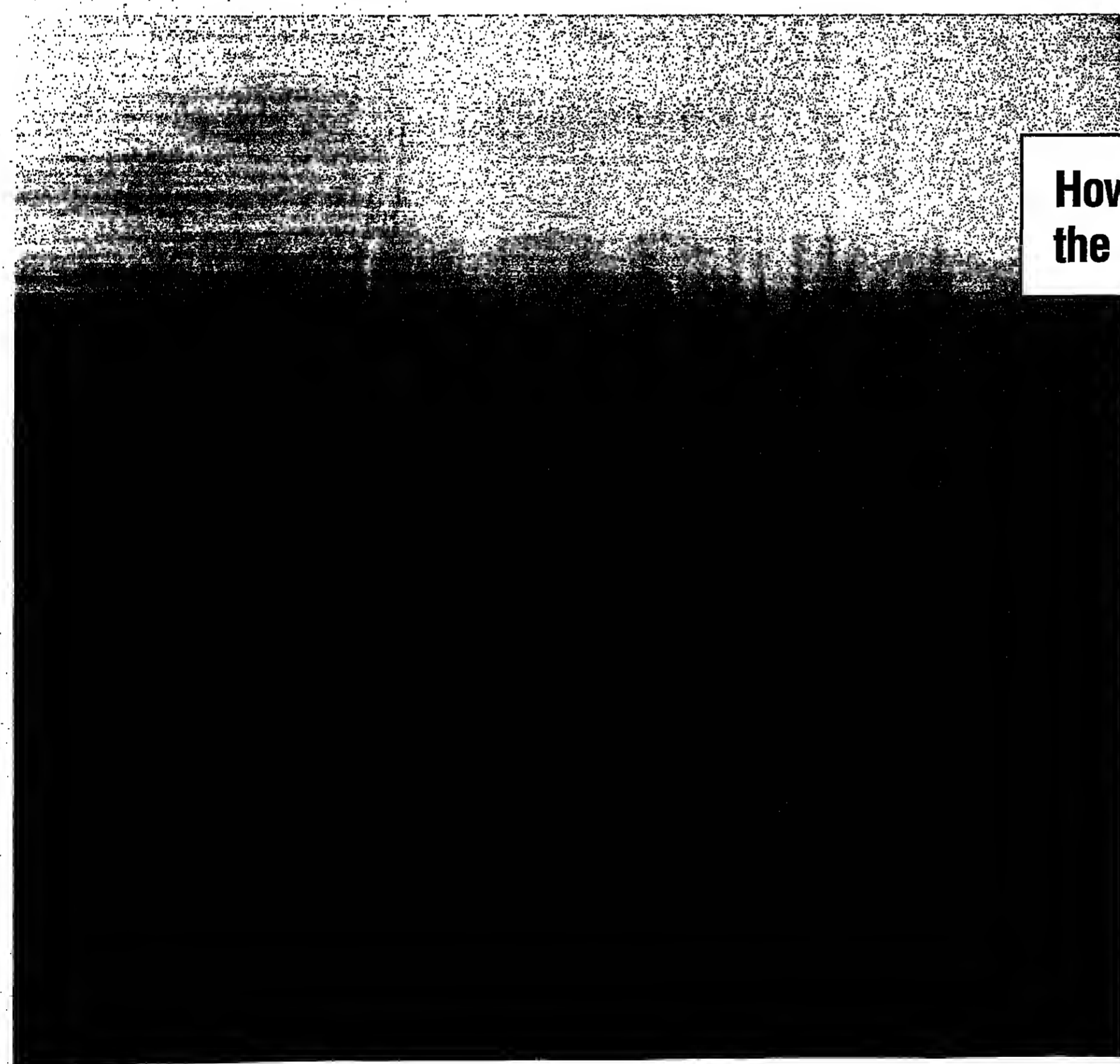
Letters to the Editor

Would that Mr. Will and like-minded pundits had shown signs of this social consciousness during the rapacious Reagan years, throughout which they so consistently praised the draconian economic policies the results of which they now deplore. Or is the link between Reaganomics and urban decay too far fetched for true believers like George Will?

MIKE FROSCILL, Montpellier, France.

Although we don't agree with all of Ms. MacKinnon's views on pornography, we do take offense at Mr. Will's treatment of her theory, in which he manages to denigrate his three favorite targets: women, scholars and liberals.

BARBARA GELLERT, ANDREA THOMAS, Yokotama, Japan.



How seriously are we taking the demands of Rio?

In June 1992 representatives of 153 states and the European Community signed a declaration at the Earth Summit in Rio de Janeiro — the biggest environmental conference ever held. The declaration calls for our planet to be protected through sustainable and environmentally acceptable development that does not upset the socio-ecological equilibrium.

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Expertise with Responsibility

The Rio declaration calls on nations of the world to protect the environment

Burundians Fear More Killing Is to Come

By Donatella Lorch
New York Times Service

KIGANDA DISTRICT, Burundi — The young woman, shot in the chest, had made her way down the steepest part of the hill, leaving a trail of blood and scattered pieces of children's clothing.

The trail led across the dirt road and stopped where she died, curled up on the grass under the trees, a small sweater still in her hands.

Dozens of villagers, members of the Hutu ethnic group, died that morning in an attack by soldiers and other farmers in a cycle of ethnic violence that has killed thousands in Burundi and driven hundreds of thousands from their homes since Oct. 21.

On that date, the first democratically elected president, Melchior Ndadaye, a Hutu, was assassinated by Tutsi military officers.

"The military and the Tutsis came to kill us in two trucks loaded at 10 in the morning," said Jean-Marie Arabadagaze, a Hutu farmer who escaped. "They had machetes and bows and arrows and they killed my wife and children. All we could do is run away. The soldiers had guns. We cannot fight that."

The report of the massacre came from the survivors who had fled their brick homes on the hillside for the temporary security of a nearby ridge. But the other deaths they spoke of were impossible to verify because soldiers blocked the road.

Despite evidence that the struggle has not abated, the military insists that the country is calmed down and that the troops have remained neutral.

A month ago, within hours after the assassination of the president, violence spread to the countryside, with personal revenge, looting and chaos widespread.

The conflict, like so many others that have devastated African countries in recent years, essentially pits one ethnic group, the majority Hutus, against another, the Tutsis. About 85 percent of Burundi's population of about 6 million are Hutu and 14 percent Tutsi. The Hutus are mostly farmers while the Tutsis control the army and the upper ranks of the local and provincial administrations.

Relief officials and Western diplomats are concerned that the funeral of the president at the end of this month will bring a new eruption of violence.

"Everybody has hands full of blood," said Daniel Augsburg, the head of the International Committee of the Red Cross in Burundi. "The first four days after the coup it was a blank check for killing Tutsis. There are some areas where not a single Tutsi survived. Now it is the second trend. It is the time for revenge. It is real horror."

The killing in Kiganda appears to be part of the second wave of revenge. Tutsi farmers

burned out of their homes by Hutus last month returned under the protection of Tutsi soldiers and attacked the Hutu villagers.

The scene in Kiganda has been repeated in village after village. No one has been able to pinpoint the number of deaths accurately, although government officials say it is in the thousands. Because of the fighting, more than 800,000 people, most of them Hutus, have fled into the neighboring countries of Rwanda, Tanzania and Zaire. Cholera, dysentery and malaria are serious problems in the refugee camps.

About 200,000 more people, mostly Tutsis, have been driven from their homes but remain within the country's borders, living in wretched camps guarded by the Burundi Army, relief officials say.

Ethnic conflicts and military coups have characterized life in Burundi since independence from Belgium in 1962. This year's violence is alarmingly similar to that of 1972, when military rulers closed the country for a month and killed an estimated 150,000 people, including most of the Hutu elite.

Who was responsible for the most recent coup and what they wanted is still unclear. Western diplomats in Bujumbura, the capital, say that if the goal of the coup was to create chaos, it succeeded. The army says the coup was masterminded by junior officers who have either fled or been arrested.



Mankenke Lungjisa being carried by jubilant supporters Monday in Cape Town.

South Africa Lets 3 Go in Slaying Of U.S. Student

CAPE TOWN — South African prosecutors withdrew charges against three of the alleged killers of an American exchange student, Amy Biehl, when a state witness refused to testify against them in the Supreme Court on Monday.

Prosecutors told the court that a state witness, Charles Benjamin, had refused to testify against Mlungisi Ngqaza, Nankisi Mxoli and Mankenke Lungjisa for political reasons.

Seven people were originally charged in connection with the killing of the Miss Biehl, 26, who was dragged from her car and stabbed to death in Guguletu black township near Cape Town on Aug. 25.

A 15-year-old suspect has vanished and the remaining three accused, Mongosi Manqana, Mzikhona Nofemela and Vusumzi Ntamo who are charged with murder, public violence and robbery with aggravating circumstances, will appear again in the Supreme Court on Tuesday.

ITALY: Old Guard Gives Way in Mayoral Elections

Continued from Page 1

months of scandal, the vote led Italians into a new and confusing political arena. The former Communists, who were kept out of government for four decades, are trying to cast themselves as the new center and the neo-fascists, long a small, hard core on the fringes of political life, are offering themselves as the spine of respectable conservatism.

"There can be no right wing without the Italian Social Movement," said a neo-fascist candidate, Alessandra Mussolini, granddaughter of the dictator, who came in second and will be in a runoff in Naples, but whose party emerged as the single biggest bloc in the city.

Only in the north did the election provide a clear indication of the geographic limits to the federalist-minded Northern League: The League scored well in Venice and Genoa but those cities seemed to represent a southern perimeter of its influence. In Rome, its candidates polled roughly the same number of votes, around 1 percent, as the porn star Moana Pozzi.

Under new voting regulations,

candidates must win at least 50 percent of the vote to be elected mayor at the first ballot. Only one candidate in a major city, Palermo, the anti-Mafia crusader Leoluca Orlando, achieved a first-round victory.

That left the country facing a divisive left-right battle in a runoff vote for mayor scheduled for Dec. 5 in major cities, including Rome, Naples, Genoa, Venice and Trieste. In these cities, leftist-backed alliances face conservatives — the neo-fascists in the south, the League in the north.

The reasons for the upheaval are various. One is the corruption scandal that implicated the mainstream political parties such as the Christian Democrats and the Socialists.

By contrast, the winners in Sunday's election shared a common boast that none of them had been deeply embroiled in corruption, if only because they were never in power and thus had limited access to the pork barrel.

The demise of the Christian Democrats has had a further impact, leaving Italian politics without an identifiable middle ground. Both the former Communist Party,

once the biggest in Western Europe and still divided after the fall of Soviet communism, and the neo-fascists seek to depict themselves as an alternative mainstream.

For the neo-fascists that is difficult when Miss Mussolini's rallies draw skinheads chanting "Duce, Duce," the rallying call of her grandfather. Their leader, the Rome mayoral candidate Gianfranco Fini, has sought, nonetheless, to mold a moderate platform offering tax breaks, particularly for small business, and clean government.

The former Communists of the Democratic Party of the Left, by contrast, maintain their historic commitment to workers' rights but have tacitly supported the Ciampi government by refraining from attacking economic policies that promise less state spending and the privatization of state industry.

Possibly, though, the appeal of both is more intuitive for many Italians reaching for the comfort of the familiar in a charged and uncertain atmosphere, even as they press for renewal in a way that would have seemed improbable a year or so ago.

Pretoria Restores Diplomatic Ties With New Delhi

NEW DELHI — India and South Africa restored diplomatic relations on Monday after a 39-year freeze over South Africa's apartheid policies and agreed to look at a plan for an economic pact between Indian Ocean states.

The South African foreign minister, R. F. Botha, said he had discussed the proposal with Indian and Pakistani officials during his current tour of the two South Asian nations.

"An Indian Ocean cooperation arrangement is only a notion at this stage, but it has evoked interest in India and Pakistan," he said at a news conference here.

Mr. Botha, on his first visit to India, signed diplomatic and consular protocols with his Indian counterpart, Dinesh Singh.

He also said that he had discussed "the sensitive and delicate issue of Kashmir" with leaders of both countries.

PATTEN: Scorn on Opponents

Continued from Page 1

Canada, Australia and a number of European countries."

Mr. Lee, who still dominates Singaporean politics, believes that economic development and good government should take priority.

Earlier this month, he said it would be "mistaken to follow mindlessly the present politically correct and stridently advocated view that democracy is the precondition for economic development."

Last year, he provoked an uproar by saying that Beijing believed Mr. Patten's reform plans were part of a wider international conspiracy to destroy China's power.

Britain later expressed its concern to Singapore over Mr. Lee's comments, which were made in Hong Kong while Mr. Patten listened in stony silence.

Mr. Lee's views are widely shared by Asian leaders, notably in China and by the Malaysian prime minister, Mahatir bin Mohamad.

Mr. Patten criticized actions of Asian governments at a human rights conference in Bangkok earlier this year. The implication of what they said, he asserted, was that free markets were fine, but not

their "political bedfellows" of free speech, the rule of law and multi-party politics.

"The main reason for wanting to sweep human rights under the carpet is to retain political power or crush opposition," Mr. Patten said.

He added: "But other excuses are put forward, that democracy is too weak and inefficient a system of government, that worrying about individual rights holds back the community as a whole, above all that it somehow constrains economic success."

Speaking two days after the 16th round of British-Chinese talks ended in deadlock, Mr. Patten also noted that the negotiations had begun in April in Beijing, where, now, "the snow is falling."

"Spring has given way to summer, summer has given way to autumn, autumn has now handed over to winter, and still the less contentious issues remain doggedly unresolved, not to mention the more difficult ones," he said.

"It should have taken days, not seasons," he said, to agree on what he insisted were modest proposals for broadening the British colony's democratic structures.

Mr. Patten stuck to his formula of refusing to set deadlines and hinting that, while he prefers to reach agreement, he is prepared to put his reforms into effect even without China's approval.

"We're going to have to get a move on in these talks if we are to reach agreement and get all the legislation through on time" for elections in 1994 and 1995, he said.

The biggest obstacle is a British demand for Chinese guarantees that legislators elected in 1995 — including those critical of Communist rule in Beijing — be able to serve past 1997. (Reuters, AP)

Syria Joins Jordan on Peace Pace

By Youssef M. Ibrahim
New York Times Service

PARIS — In an indication of growing nervousness by Syria and Jordan that Palestinian will race ahead of them to conclude a peace agreement with Israel, the two governments pledged Monday to coordinate their momentum in Middle East peace efforts, Jordanian officials said.

The move followed an unscheduled visit to Damascus on Sunday by King Hussein of Jordan, who met with President Hafez Assad.

Mr. Assad and senior Syrian officials had been increasingly critical of Palestinian actions ever since the Palestine Liberation Organization signed a declaration of principle with Israel in Washington in September to pursue a peace settlement.

Jordan has gone much further than Syria in reaching its own accord with Israel, signing a similar declaration with the Israelis a day after the PLO did.

The Jordanian move had provoked hostility from senior Syrians, including Foreign Minister Farouk Shara and Vice President Abdel Halim Khaddam, who warned Jordan of the dangers of unilateral accords with Israel.

The king's visit and the agreement to coordinate actions with Syria have taken place even as Jordan continues multiple secret discussions with Israel on economic and border cooperation.

These talks are occurring in the context of the impending move by PLO cadres into the West Bank town of Jericho, in line with the provisions of the Washington accord, next month.

Over the weekend, Yasser Arafat, the PLO leader, ordered several units of PLO guerrillas stationed in Yemen, Libya, Algeria, Egypt, and Iraq to prepare to move into Gaza and Jericho.

Initial Palestinian estimates are that 5,000 to 10,000 Palestinians, many of who are undergoing training in Egypt and Jordan, will move in once Israeli troops leave.

Curaçao Votes to Stay In Antilles Grouping

Reuters

WILLEMSTAD, Curaçao — Voters confounded forecasters with an overwhelming decision to remain in the five-island Netherlands Antilles confederation, according to official results late Sunday. Expected support for the option of becoming an autonomous member of the Dutch kingdom did not materialize.

The successful option won 74 percent of the vote, or 48,586 of the total of 66,000, while the second option won only 18 percent. A third option, to become a province of the Netherlands, won 8 percent, and independence attracted just 325 votes.

Akihito Plans U.S. Visit

The Associated Press

TOKYO — Emperor Akihito plans to visit the United States early next summer, a Japanese newspaper said Monday.

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APEC: U.S. 'Hype'

Continued from Page 1

being "sure of himself, dominating and a little irritating."

But for all the posturing ahead of the Dec. 15 deadline for the GATT negotiations, there is also a growing sense in Europe of the importance of a trade accord to ensure that tensions between the Community and the United States do not worsen, leading to a weakening of the North Atlantic Treaty Organization and even greater focusing by Washington on Asia.

Reflecting this uneasy sentiment, the Bonn General-Anzeiger declared in an editorial Monday: "Europe is no longer the navel of the universe. The new world order, made fun of so far because nobody knows what it is, is taking shape. It is a world that has more than one center and it is up to the Europeans not to withdraw but to find their place in it."

In this sense, the meeting of Asia-Pacific leaders in Seattle has clearly focused European minds on the fact that East Asia has become a real contender in economic and political terms. It seems certain that Germany, with its strong free-trading sentiment, will now put great pressure on France over the next three weeks to ensure that a GATT accord is reached.

The alternative could be bleak for Europe's relations with Washington. Mr. Clinton has now stated clearly that "more than ever our security is tied to economics," and has compared the past role of NATO during the Cold War to the potential future role of the Asia-Pacific Economic Cooperation forum in an era when trade, not military might, matters most.

"The domination of geopolitics over geoeconomics has been formally declared by the United States," said Dominique Moisi, deputy head of the French Institute for International Relations. "So without a GATT agreement, you could have an awful lot of unraveling."

— ROGER COHEN

Handwritten Arabic text: *الجمهورية العربية السورية*

سكنا من الأصل

Cost of Health Care Retards U.S. Hiring

New York Times Service
WASHINGTON — Many American labor unions are also promoting reduced workweeks, usually of 30 or 35 hours, as a way to spread work to people who would otherwise be laid off. But even when American businesses are expanding and hiring new employees, they are hesitating to hire new workers because of the cost of health care. The reason is that many pay all or a large part of their workers' health benefits; hiring more workers means higher health care costs. To avoid such costs, employers have been stretching the workweek, not cutting it back. Since the last recession ended more than two years ago, the average factory worker's over-

time has jumped, to 43 hours a week in October, the highest level on record. A Democrat in Congress, Representative Lucien E. Blackwell of Philadelphia, introduced a bill last month in the House calling for a government-mandated 30-hour week, but has little support. In the view of union leaders, a "shorter workweek" is one that permits workers to earn the same total wages, or nearly as much, as they earn for working the standard 40 hours. Relatively few people — postal workers, airline pilots and some construction, newspaper and telephone company workers — have jobs that meet that criterion. Many more people work fewer hours, in

effect shorter weeks, but for correspondingly lower pay. Some people work shorter weeks of four instead of five days, but the workdays are 10 hours long. Advocates of shorter workweeks think they may have a way to induce more companies to adopt them. Mr. Blackwell and the AFL-CIO propose to require employers to pay workers twice their regular hourly wages for overtime, compared with 50 percent more now. That, they say, would push the businesses' cost of overtime beyond the cost of a shorter week.

WORK: In France, the Idea of a 4-Day Week Is Suddenly All the Rage

Continued from Page 1
 inspire societies beset by economic insecurity.

In Italy, unions are pushing the slogan "Lavorare meno, lavorare tutti" — "Work less, and everyone works."

The Larrouroure gospel in France is based on a switch, proposed for 1994, from the nation's current five-day, 39-hour workweek to a four-day, 33-hour week; an average 5 percent reduction in salary; a 10 percent increase in the private work force to create two million new jobs, and tax cuts and incentives to compensate companies for the added costs. It also offers a rosy vision of the plan's economic effects, from lower absenteeism and higher productivity to a more motivated society.

With Western Europeans working fewer hours than their counterparts in the United States and Japan, let alone South Korea and Singapore, the four-day week may seem a wistful dream rather than a serious model for change in French or European society.

Germans already work a 37-hour week with six weeks of paid vacation — "by far the shortest working hours among industrialized nations," said Klaus Friedrich, chief economist for Dresdner Bank.

Nonetheless, politicians of varying political stripes are jumping on the bandwagon. A French parliamentary committee voted in favor of experimenting with a 33.3-hour workweek at companies that increase their staffs by 10 percent.

Despite talk of a progressive New Deal, some workers fear that companies will use the four-day week to exploit employees without creating any new jobs. Others dismiss Mr. Larrouroure's plan as illogical.

"The 32-hour week is a utopia and a joke," said Gerard Grannee, 39, a technician at the AMP electronics plant in the northwestern Paris suburb of Pontoise. "You reduce working time and wages. But what is the worker going to do with his extra leisure time if he has no money? And where's this supposed boost to consumption going to come from if people are broke?"

Behind the growing fascination with a shorter workweek is a combination of economic pressure and psychological angst.

A long recession and a steady surge in European unemployment have made many people insecure. Computers, robots and other machines, workers and executives say, will go on replacing people. European companies will go on moving to Singapore or India, where labor is much cheaper.

More than 1.5 million people in the European Community have lost their jobs in the last year. More than 11.3 percent, or 19.1 million people, in the 12 European Community countries are unemployed.

In France, the jobless rate stands at 11.8 percent, almost double the rate in the United States. In Germany, the council of economic advisers told Chancellor Helmut Kohl this month that unemployment would rise to four million, or 10 percent of the work force, next year, from the current level of 3.5 million or 9.2 percent.

"Jobs are disappearing so fast, people are saying we must look for new solutions," said Alain Touraine, a French political scientist. "The French could not give a damn today if they are governed by the left or the right; what matters is unemployment."

In Germany, too, a conviction has taken hold among many people that Europe's emergence from recession, repeatedly postponed and now projected for the second half of 1994, will not restore the lost jobs. Most economists estimate that with 3 percent growth, few if any jobs would be created. With 4.5 percent growth, new jobs would result, but no one expects such an economic spurt in the foreseeable future.

"I am skeptical that jobs will come back," said Berthold Huber, the chief wage negotiator for the huge IG Metall labor union, representing 3.2 million German metalworkers. "About four million unemployed are going to remain in Germany, and that is a major problem for democracy. So we have to at least look at the shorter working week."

Behind the four-day idea lurk a lot of different notions. They range from emergency steps like Volkswagen's recent proposal to avoid mass dismissals by switching to a four-day week with 20 percent less pay to idealistic visions of societies turning their backs on the scourge of frenetic global competition in favor of a more balanced way of life. In between those extremes, many companies have already acted.

At the Regensburg plant of the German automaker BMW, for example, a four-day, 36-hour week has existed since 1990.

The idea behind the plan was for individuals to work less but more flexibly, enabling machinery to operate for longer periods. Thus a Saturday shift, generally taboo in Germany, was introduced and weekday shifts were extended from eight to nine hours. Although wages were unchanged, productivity gains more than offset the cost of hiring more people, BMW says.

"I was skeptical at first, particularly about working Saturday, because that is when I play soccer for my local team," said Otto Sollerer, a production line worker. "But now I appreciate the advantages, particularly the intermittent long weekends."

Similar changes have taken place this year at the French subsidiaries of the American computer manufacturers Digital Equipment and Hewlett-Packard. Hit by the recession and squeezed margins in the worldwide computer market, they faced the alternatives of layoffs or a sweeping reorganization of working schedules.

"The choice we put to workers at our Grenoble plant was simple: either change working habits, or we relocate to Singapore and all the jobs will be lost," said Marise Cosseron, a spokeswoman for Hewlett-Packard.

The result was an entirely new work structure that has tripled production at the plant, which produces microcomputer components. No employee works more than four days a week, but the plant is kept open 24 hours a day, seven days a week, instead of the previous five days.

Digital introduced a different plan earlier this year involving salary cuts averaging about 7 percent for people choosing a four-day week. With 530 employees of a total of 4,000 opting for the plan, 90 jobs that were to have been cut were saved.

"A large number of people were interested in working less and being paid less," said Robin Ashmore, a Digital spokeswoman. "Young people want to divide their lives differently and have more leisure time."

Digital says its productivity has not suffered. Michel Rocard, who will be the Socialist Party's presidential candidate in 1995, sees the germ of a social revolution in the four-day week, a means, as he has said, "to jump-start society."

In this vision, the four-day week would be a way to live differently, an exchange of slightly lower pay for greater personal freedom, a means to enjoy the benefits of automation rather than suffer its ravages, a vote for solidarity over ever more grueling economic competition, a fresh start for a disaffected Continent.

As envisaged in Mr. Larrouroure's 54-page manifesto, everything goes swimmingly. After national legislative approval, French com-

panies move to a four-day week in 1996 and take on 10 percent more staff. Wages cut vary from 3 percent for the lowest paid to 8 percent for higher salaries, with an average of 5 percent.

To offset increased corporate costs, the state assumes the financing of unemployment insurance, suppressing the 6.8 percent payroll tax. On top of the 5 percent wage cut and an estimated 5 percent productivity gain through the reorganization of work shifts, this should make the revolution "cost neutral" for companies, Mr. Larrouroure estimates.

Miraculously, the state does not suffer financially from abolishing the unemployment payroll tax, which is expected to bring in \$21.8 billion this year. Rather, with two million fewer people unemployed, the state would save about \$27.5 billion in payments that would have gone to people without jobs, and thereby come out ahead. With more people working, the economy would supposedly rebound, widening the tax base.

Yet among five workers interviewed at the AMP electronics plant in Pontoise, only one worker, Michel Angard, said he would support the idea — "providing it means a guaranteed end to layoffs and my salary cut does not exceed 1 percent."

Mr. Grannee, the technician, said: "Companies will just keep a smaller staff and make employees work more. Or they'll use short-term contracts with no benefits, promotions or bonuses to pay."

Management seems far more open to the four-day week. "We are on the eve of a revolution in the way work is organized in Europe," said Jean-Pierre Nanno, personnel director at UAP, the big state-owned insurance group in Paris.

A seeming majority in the French parliament now backs the notion of a shorter workweek, despite warnings from several economists and former President Valéry Giscard d'Estaing that if France is to remain competitive, a 32-hour week would mean an 18 percent cut in wages.



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An Asia-Pacific 'Community' Will Be Hard to Sell

By Clay Chandler and Daniel Williams

Washington Post Service
SEATTLE — Last week, President Bill Clinton gathered leaders from some of the world's most dynamic economies on a wooded island in Puget Sound to give birth to a new myth: that the nations ringing the Pacific Ocean form a single community.

"If you ask me to summarize in a single sentence what we've agreed, it is this," Mr. Clinton said after the meeting. "It is that the Asian-Pacific region should be a united one, not divided."

"We are helping the Asia Pacific to become a genuine community, not a formal legal structure but rather a community of shared interests, shared goals and shared commitment to mutually beneficial cooperation," he said.

NEWS ANALYSIS

Throughout the week, Mr. Clinton's aides stressed that this meeting reflected economic realities. Politics, they said, is only catching up with the explosion of commerce among the nations of this region.

Unlike former President George Bush's vague notions of a new world order centered on U.S.-led security, Mr. Clinton's new order is one of U.S.-led free trade, a harnessing of foreign policy to domestic economic needs.

The president and his advisers have described the events of the last several weeks with sweeping rhetoric and lofty metaphors befitting a millennial change. "Once in a great while, nations arrive at the moments of choice that define their course and their character for years to come," Mr. Clinton said at the outset. "Now we have arrived again at such a moment."

Mr. Clinton's aides are repeatedly saying the period between congressional passage of the North American Free Trade Agreement and the Dec. 15 deadline for the Uruguay Round of global trade talks will be "30 days that shook the world."

"You get the feeling that you really are present at another creation," said an economic adviser.

All this is peculiar language coming from the administration of a president who was elected with the support of organized labor and has often been accused of supporting the notion of managed trade. Some Asian nations suspect the pan-Pacific drive is an elaborate ruse to mask an effort to blast open Asian economies to U.S. exports.

In any event, there is some sense that Asia is not ready for such a sweeping vision — or ready to let Mr. Clinton play a Pacific Jean Monnet, the father of European economic unity. Leaders of Japan made no secret last week of the fact that they harbor deep suspicions about the U.S. campaign to invest the Asian-Pacific forum with greater authority to set trade rules. Even as Japan's courtly prime minister, Morihiro Hosokawa, exchanged pleasantries with Mr. Clinton, officials from the Japanese Foreign Ministry privately belittled the significance of the organization.

Japan has its own vision for community in Asia, one with Tokyo in the center. Already, Japanese companies have used their considerable financial resources and superior manufacturing skills to form vast linkages with other East Asian economies and in many ways are shaping development in the region in their own image.

Officials from Japan appeared intent on keeping their nation out of the spotlight, and Mr. Clinton seemed curiously willing to let them have their way. In his meeting with Mr. Hosokawa, Mr. Clinton made only cursory references to the need for Japan to abandon its ban on foreign rice and did not press Tokyo for specific measures to stimulate its economy.

"No one laid out any expectations for concessions from Japan at this meeting," said the U.S. trade

representative, Mickey Kantor. Lowering Japan's trade surplus with the United States "has to be done in stages and steps."

China is also in the way of Washington's aspirations. President Jiang Zemin said after Saturday's meeting that China favors only a "loose" organization in the region.

Chinese negotiators, uneasy with the formal implications of the word community, refer only to the potential evolution as creating a *jiating*, a family.

China, too, is on its own mythical journey: toward creating a country with power, prosperity and reach unknown since the Tang Dynasty. It is already a repository for many industries from countries on its borders eager to take advantage of China's low-wage economy, but worries about opening up too fast to consumer goods.

Many of the Southeast Asian nations — including Indonesia and Thailand — welcome Mr. Clinton's interest in Asia as a balance to counter potential domination by China or Japan. At the same time, however, many of those nations are unwilling to expose their still developing economies to the full force of competition with more advanced economies.



COMRADES IN ARMS — Fidel Castro welcoming President Jiang Zemin of China to Havana on Monday, the first such visit by a Chinese leader. Mr. Jiang said he hoped the visit would strengthen close ties. Mr. Castro praised Chinese communism and Mr. Jiang lauded Cuban independence.

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China's Growth: A Double-Edged Sword

By Michael Richardson

International Herald Tribune
SINGAPORE — Although China's president, Jiang Zemin, gave soothing assurances when he met Asia-Pacific leaders in Seattle last week, many of China's neighbors remain uneasy about Beijing's military intentions, particularly in the South China Sea.

East Asian nations have decided that the best approach is to encourage China's economic modernization and opening to the outside world in the hope that Beijing will develop a vested interest in maintaining peace.

They have urged Washington to adopt a similar policy by ceasing to make Chinese access to the American market conditional on such factors as human rights and democracy.

Yet officials and analysts in the region are concerned that as foreign trade and investment help to strengthen China's economy, Beijing will build a military capable of enforcing claims to sovereignty over disputed islands that would give it de facto control over the South China Sea.

"China is an ambitious power and its strategic influence will grow over the next decade or two, as its economic strength gives it the means to become a more powerful factor in the Asian security equation," said Paul Dibb, head of the Strategic and Defense Studies Center at the Australian National University in Canberra.

In its latest annual assessment of the global military balance for 1993-94, the International Institute for Strategic Studies in London

said that there was no doubt China was planning to buy both weapons and weapons technology from Russia, although the extent of its plans were not confirmed.

The institute said that reports of Chinese purchases from Russia included 72 Su-27 fighters, 300 MiG-31 interceptors and, possibly, an aircraft carrier. Beijing has denied the reports about the carrier.

China has also been modernizing its long-range naval surface and submarine fleets, amphibious forces, aerial refueling equipment and bases in and close to the South China Sea, analysts said.

Mr. Dibb, a former Australian military official, said that China "already has the capability to project superior military forces" to those that Southeast Asian nations could deploy to the South China Sea, where Vietnam, Malaysia, the Philippines, Brunei and Taiwan, as well as China have conflicting claims to the Spratly Islands.

All the claimants, except Brunei, have stationed troops on some of the islands, partly to prevent other countries taking possession and partly as a base for claiming control of any oil or natural gas that might be discovered in the area.

"If China is able to turn the South China Sea into a Chinese lake," it could threaten international navigation and prompt Japan to rearm, said B.A. Hanzah, director-general of the Malaysian Institute of Maritime Affairs. Most of Japan's oil and much of its trade pass through the South China Sea.

China established a foothold in the Spratlys in 1988 after evicting Vietnamese troops from several atolls in a brief battle.

Vietnam and China signed an agreement last month that rejected the use of force in their land and sea border disputes, and set out principles for a solution.

Lee Kuan Yew, Singapore's senior minister and a leading advocate of "engaging" China constructively in the region, said recently that the South China Sea would be a critical testing ground.

"Beijing's stance and its subsequent actions on the Spratlys oil and gas fields will shape the attitudes of the region to China," he said.

Beijing has pledged to shelve its claims to the Spratlys and engage in joint development of the area, if others do so, too.

But analysts said that this restraint might not be maintained if petroleum reserves were found in disputed sections of the South China Sea.

Both China and Vietnam have awarded foreign firms concessions to drill in offshore areas claimed by the other.

The Clinton administration is expected to lift the economic embargo against Vietnam within the next 12 months. Hanoi would thus be likely to grant American companies the right to "explore and develop the expected large oil and gas fields" that lie more than 150 miles (240 kilometers) from the Vietnamese coast in relatively deep waters, said Charles Johnson, a researcher at the East-West Center in Hawaii.



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NYSE

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press

12 Month High	12 Month Low	Stock	Div	Yld	PE	100	High	Low	Latest Cl	12 Month High	12 Month Low	Stock	Div	Yld	PE	100	High	Low	Latest Cl
100.00	80.00	IBM	4.00	4.5	15	100	100.00	95.00	98.00	100.00	80.00	IBM	4.00	4.5	15	100	100.00	95.00	98.00
120.00	100.00	Microsoft	0.00	0.0	15	120	120.00	110.00	115.00	120.00	100.00	Microsoft	0.00	0.0	15	120	120.00	110.00	115.00
50.00	40.00	Apple	0.00	0.0	15	50	50.00	45.00	48.00	50.00	40.00	Apple	0.00	0.0	15	50	50.00	45.00	48.00
150.00	130.00	Oracle	0.00	0.0	15	150	150.00	140.00	145.00	150.00	130.00	Oracle	0.00	0.0	15	150	150.00	140.00	145.00
20.00	15.00	Amazon	0.00	0.0	15	20	20.00	18.00	19.00	20.00	15.00	Amazon	0.00	0.0	15	20	20.00	18.00	19.00

12 Month High	12 Month Low	Stock	Div	Yld	PE	100	High	Low	Latest Cl	12 Month High	12 Month Low	Stock	Div	Yld	PE	100	High	Low	Latest Cl
10.00	8.00	Alcoa	0.00	0.0	15	10	10.00	9.00	9.50	10.00	8.00	Alcoa	0.00	0.0	15	10	10.00	9.00	9.50
25.00	20.00	Boeing	0.00	0.0	15	25	25.00	23.00	24.00	25.00	20.00	Boeing	0.00	0.0	15	25	25.00	23.00	24.00
15.00	12.00	General Electric	0.00	0.0	15	15	15.00	14.00	14.50	15.00	12.00	General Electric	0.00	0.0	15	15	15.00	14.00	14.50
30.00	25.00	Johnson & Johnson	0.00	0.0	15	30	30.00	28.00	29.00	30.00	25.00	Johnson & Johnson	0.00	0.0	15	30	30.00	28.00	29.00
40.00	35.00	Merck	0.00	0.0	15	40	40.00	38.00	39.00	40.00	35.00	Merck	0.00	0.0	15	40	40.00	38.00	39.00

Continued on Page 11

From São Paulo to Singapore, more people around the world



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BUSINESS

International Herald Tribune, Tuesday, November 23, 1993

Tokyo Stocks Dive on Fears For Economy

By James Sterngold
New York Times Service

TOKYO—Prime Minister Morihiro Hosokawa's failure over the weekend to issue a clear commitment to reinvigorate the deteriorating economy sent the stock market into a fearful dive Monday, with the closely watched Nikkei index plummeting more than 3 percent.

With Japanese self-confidence eroding by the day, the 225-stock Nikkei index fell from the start and accelerated in the afternoon. At the close it had lost 556.35 points, or 3.1 percent, for its second-worst day of the year. Few saw prospects of a recovery anytime soon.

The market index has now lost a steep 15.2 percent since early October, which means tens of billions of dollars in value have been erased from portfolios in a relatively short period of time.

"It's anxiety turning into fear," said Robert Sasaki, the head of stock index futures trading for Jardine Fleming Securities.

Analysts say that the recent slide was triggered by the government's botched sale of shares in the East Japan Railway, or JR East, the country's largest passenger rail-

road, after a long period in which big new issues of shares were prohibited.

The price of JR East shares soared nearly 60 percent on the first day, Oct. 26, but ever since has tumbled steadily, with trading halted several times because of the intensity of the selling.

"They have egg all over their faces for that," said Geoffrey Barker, head of research at Baring Securities (Japan). "That really hurt sentiment."

The positive outcome of the summit meeting of Pacific rim leaders in Seattle last week and the passage of a landmark political reform law here did nothing to improve the sentiment of investors who are looking for just one thing—evidence that the government takes seriously the deepening economic gloom after a two-year recession and intends to do something about it.

Mr. Hosokawa had a big chance on Friday, when an advisory commission offered suggestions for altering the tax system. Many investors had hoped that the prime minister would seize the opportunity.

See STOCKS, Page 17

If Not Alcazar, What? Looser Links Seen as the Way Forward

Compiled by Our Staff From Dispatches

AMSTERDAM — Europe's airlines may not again dream up a plan as ambitious as the four-way merger that collapsed over the weekend but they must still forge ties and cut costs before the 1990s are out, aviation analysts said on Monday.

"It's inevitable that we will see a continued push for alliances and mergers, probably within the next six months," said James Halstead, aviation analyst at Swiss Bank Corp. in London.

Austrian Airlines, KLM Royal Dutch Airlines, Swissair and Scandinavian Airlines System on Sunday aborted plans to create Alcazar, a big, low-cost airline to rival U.S. and Asian carriers.

Industry analysts consider that the four carriers need to find partners to survive in a world of increasingly fierce competition, and investor disappointment in the deal's collapse was reflected Monday in the airlines' stock prices.

KLM's shares fell 8.1 percent, to 37.20 guilders (\$19.35) from 40.50 at Monday's close. Swissair's registered shares in Zurich dropped 4.6 percent, to 170 francs (\$82), and the "A" shares of Sita, the Swedish airline holding company that owns three-sevenths of SAS, dropped 20 percent, to 36 kronor (\$4.33). The stock of the Danish and Norwegian airlines that own the rest of SAS also fell in Copenhagen and Oslo.

Only Austrian Airlines, considered now a strong candidate to link with Lufthansa, rose. Its stock gained 5 schillings, to 1,740 schillings (\$144.60).

Lufthansa, seen by analysts as the main beneficiary of Alcazar's still-birth because a potentially tough competitor is removed, lost 2.8 percent, to 159 Deutsche marks (\$93.20) in Frankfurt, on a sharply lower market.

Aviation specialists said European carriers were more likely now to seek loose alliances than full mergers.

"I am very skeptical about the absolute need for merging and gaining critical size," said Bertrand d'Yvoire, president of a Paris-based aviation consulting firm, Consultant. Mr. d'Yvoire said that for things like aircraft maintenance and purchasing, there was strong sense to seek economies of scale. When it comes to melding the operations of two or more airlines, however, he does not see the need.

"Merger enthusiasm fades the more unsuccessful attempts you see," said Cees Haasnoot of Kempen & Co., an Amsterdam brokerage.

Alcazar was KLM's third bid to merge its way into a stronger position. Talks with British Airways failed last year and negotiations with Sabena of Belgium foundered before that.

Analysts say time is tight for financially weaker airlines, notably SAS. One option is for northern Europe to divide into a Germanic axis around Lufthansa, Austrian and maybe Swissair and a Dutch-Scandinavian flank formed by KLM and SAS.

"SAS will clearly be pushing for more talks to find a European partner with a central European location," said Guy Keekwick at Lehman Brothers in London.

SAS scheduled a special board meeting on Tuesday. Sweden's communications minister, Mats Odell, said: "The board must quickly agree on a long-term strategy for survival."

A Scandinavian-Dutch link would not face a dispute on U.S. partnerships, which was what wrecked Alcazar. SAS has only a loose link with Continental Airlines and would not be likely to ask KLM to drop its affiliation with Northwest Airlines.

Swiss Bank's Mr. Halstead said Amsterdam and Copenhagen might be too close for a complementary deal but an SAS-Swissair link of Zurich and Copenhagen might be better.

(Reuters, AFP, Bloomberg)

EC Plan For Jobs Is Going Nowhere

By Tom Buurke
International Herald Tribune

BRUSSELS — The European Community's draft plan to combat mass unemployment and restore economic competitiveness was panned Monday by the bloc's own finance ministers, making it unlikely that any concrete solutions will be agreed on any time soon.

The biggest problem when they meet here in early December.

The ministers were nearly unanimous in rejecting the plan's suggestion to create jobs by promoting work-sharing and a reduction of working hours, which Luxembourg's Jean-Claude Juncker said would send a "very negative, defeatist" signal to Europe's workers.

Kenneth Clarke, Britain's chancellor of the Exchequer, dismissed the idea as "folly."

"It would actually create more unemployment, not less," he said.

Germany, meanwhile, moved to stifle a call for it to sharply reduce interest rates in order to provoke a depreciation of European currencies on world markets and stimulate exports and jobs.

"That would amount to exchange-rate dumping," said Gert Haller, Bonn's state secretary for finance. "It would be a strategic error that would provoke irritation among our trading partners."

Even on the question of Europe's high labor costs, which almost everyone agrees is a major factor behind the Community's persistent unemployment problem, the ministers failed to find common ground.

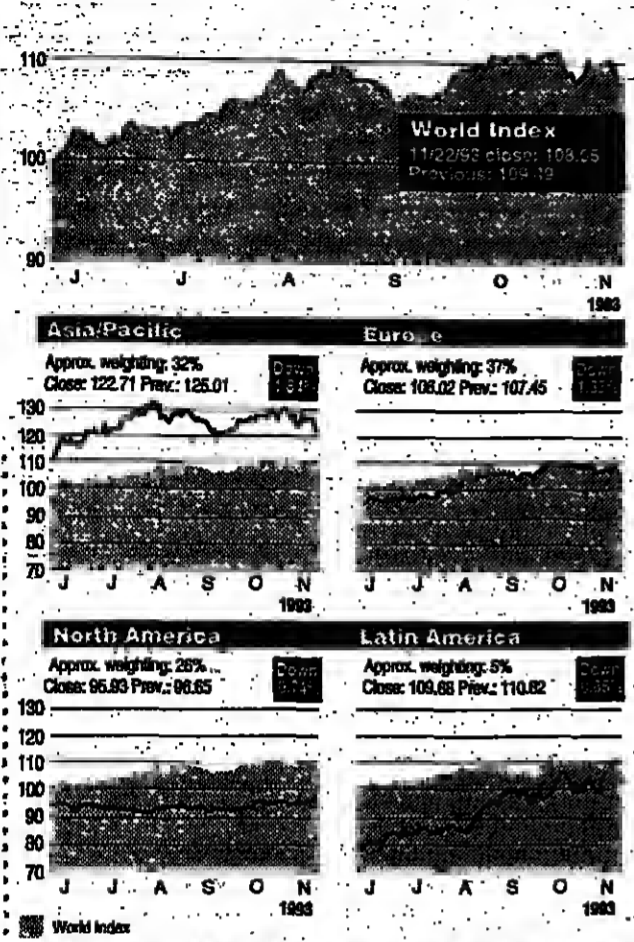
Most agreed that nonwage costs such as payroll taxes to finance welfare benefits are far too high but they said there was little scope to shift the burden to government budgets, which are running record deficits, or to consumers, who already face high value-added and excise taxes. "If you create new forms of taxation, those forms of taxation are not without drawbacks," an Irish spokesman said.

The drafting was a big setback for the EC Commission, the Com-

See JOBS, Page 15

THE TRIB INDEX: 108.05

International Herald Tribune World Stock Index. Composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. It is composed of the 20 top issues in terms of market capitalization, otherwise the top 100 stocks are tracked.

Industry Sector	11/22	11/15	% Change	11/22	11/15	% Change	
Energy	107.90	108.55	-0.55	Capital Goods	103.75	104.70	-0.91
Utilities	113.82	115.78	-1.89	Raw Materials	104.48	105.78	-1.21
Finance	116.18	118.05	-1.89	Consumer Goods	92.97	94.14	-1.24
Services	116.24	117.91	-1.42	Manufacturing	119.31	121.29	-1.83

For more information about this index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

Disney Faces Banks in High-Stakes Game

By Jacques Neher
International Herald Tribune

PARIS — In the wake of Euro Disney SCA's disastrous financial results for 1993, Walt Disney Co. and 60 banks that put up most of the money to build the amusement park near Paris have become locked in a poker game to determine who will be the main pain to keep the enterprise going until better days arrive.

But no matter how difficult the talks are now, analysts said they had little doubt the two sides would eventually come to an accord, since there was too much to lose for both if the negotiations failed.

The main bargaining lever in the talks, which can be used by both

sides, is the prospect of a Euro Disney without Disney.

According to some press reports, Disney, meeting with his bankers in Paris last week, threatened to walk away from the complex if the banks, to whom Euro Disney owes 21 billion francs (\$3.54 billion), do not agree to a refinancing plan.

The banks are not at all willing to take over a business they know nothing about, and which, under such a scenario, would no longer have the Disney name and Disney characters.

"The banks certainly don't want to end up with a seedy amusement park outside Paris," said Charles Allen, an analyst with County Natwest Markets in London.

Enterprise—a bit more than 1 billion francs out of the 24 billion francs spent to build the complex.

However, Mr. Allen said the bankers are not likely to take the threat too seriously, noting that Disney—a company that lives largely on its public image—would have a difficult time abandoning Euro Disney to another amusement park operator.

"It would be a living reminder to everyone who visited the park that this is where Disney tried to make it and failed," he said.

Spokesmen for Banque Nationale de Paris, which put together the bank syndicate, as well as for Euro Disney and Walt Disney Co., had no comment on the negotiations.

Analysts say that once the two sides get beyond the threats, Disney is likely to focus on getting the

outstanding debt as possible and pump around 8 billion francs of fresh cash into the operations.

The debt forgiveness—on 8.3 billion francs in long-term debt for the amusement park operator alone—would relieve part of the interest charges which currently account for most of the park's operating losses.

Nigel Reed, an analyst with Paribas Capital Markets, predicted the banks would ultimately have to write off "half to two-thirds" of their loans to Euro Disney. A French newspaper reported Monday that some of the park's lenders were trying to sell their loans on the gray market, discounting face value to about 70 percent.

Earlier this month, Euro Disney

See DISNEY, Page 17

Thinking Ahead

Factoring in Service With a Smile

By Reginald Dale
International Herald Tribune

SINGAPORE — It is not easy to say goodbye to manufacturing industry—even when the time comes for it to go. Too many people wrongly think nations must make things if they are to prosper. If a country can no longer profitably produce motor cycles or television sets, it is often taken as a sign of failure. But today's so-called industrial countries will have to change that outdated thinking if they are to flourish in the fiercely competitive global markets of the 21st century.

As manufacturing migrates to where it is most profitable and efficient—mainly developing countries—it will make more sense for the rich countries to educate their people to be brain surgeons or telephone operators or airline pilots than to have them make steel.

But the idea is already meeting resistance. One of the most potent weapons wielded by the anti-North America Free Trade Agreement forces in the United States was the threat that American manufacturing jobs will disappear to Mexico.

The West's political leaders are not helping. On the contrary, they are mostly perpetuating the myth that manufacturing jobs are higher paid and somehow better than jobs in services.

Rather than explain why it would be a good thing if NAFTA accelerated the U.S. shift from manufacturing to services, pro-NAFTA campaigners felt they had to deny that it would happen.

But the reality is that countries that try to hold on to uncompetitive industries are likely to be worse off than those that let them go.

As worldwide competition rises, wages in

manufacturing in the rich countries are going to be remorselessly squeezed. It is the service sector that is going to generate most of the new high-paying jobs.

Manufacturing is not going to disappear from the rich countries, but it will account for only a small fraction of the work force.

Many of these points are made in a paper just published in the Amex Bank review by DeAnne Julius and Richard Brown, who

Manufacturing jobs will inevitably be lost in rich countries, which should educate people for service positions.

rightly argue that it is both dangerous and futile for governments to try to buck the trend through subsidies and protectionism.

Presenting their case at an international conference here, the two Britain-based economists said the move from manufacturing to services in the rich countries is as big, and as inexorable, as the shift out of agriculture since the Industrial Revolution.

according to two recent surveys in Britain. One survey showed that in Manchester, once the heartland of Britain's industrial might, employees in the leisure and media sectors are now the best paid, and those in manufacturing the worst.

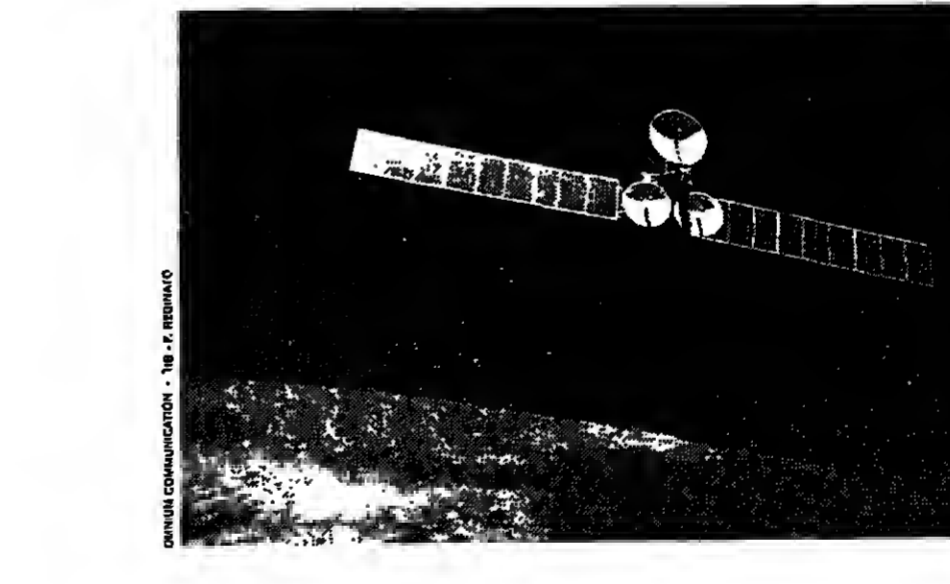
The other found that assembly-line workers were least happy in their jobs, followed by those operating and monitoring machines. Workers dealing primarily with people had the highest job satisfaction.

It is another myth that services do not make much contribution to a country's exports. Services already account for a large and growing share of industrial countries' foreign-exchange earnings, and trade in them is growing faster than trade in manufactures—despite the fact that services are usually more regulated and protected. The service sector is actually responsible for many of the latest technological advances in manufacturing.

As Ms. Julius and Mr. Brown said, "The communications industry creates the market for the fax machine and the cellular phone. The health industry shapes the research of pharmaceutical companies. The transport industry drives aerospace development."

Of course the transformation is going to be painful. And, as the French farmers have shown, small threatened groups can mount devastating rearguard actions. The switch will require much greater investments in education and training than currently envisaged.

Meanwhile, the rich countries will have to work just as hard to open up world trade in services as they did for manufactured goods in the past. If they are going to bid farewell to much of their manufacturing, they should at least try to ensure that the developing countries buy plenty of their services in return.



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CURRENCY & INTEREST RATES

Nov. 22											
Currency	Rate	Change	Currency	Rate	Change	Currency	Rate	Change	Currency	Rate	Change
US Dollar	1.25	+0.01	Japanese Yen	108.00	-0.50	Swiss Franc	1.45	-0.02	British Pound	1.60	-0.01
West German Mark	1.45	-0.01	French Franc	166.00	-0.50	Italian Lira	2000.00	-10.00	Spanish Peseta	165.00	-0.50
Belgian Franc	36.00	-0.10	Dutch Guilder	2.20	-0.01	Australian Dollar	1.50	-0.01	Canadian Dollar	0.70	-0.01
Portuguese Escudo	200.00	-5.00	South African Rand	13.00	-0.10	New Zealand Dollar	1.60	-0.01	South Korean Won	180.00	-5.00
Chinese Yuan	8.00	-0.10	Indonesian Rupiah	1500.00	-50.00	Singapore Dollar	1.30	-0.01	Thai Baht	50.00	-1.00
Malaysian Ringgit	2.50	-0.01	Philippine Peso	50.00	-1.00	Maltese Lira	366.00	-10.00	Israeli Sheqel	1.80	-0.01
Colombian Peso	2000.00	-50.00	Argentine Peso	1000.00	-20.00	Uruguayan Peso	200.00	-5.00	Chilean Peso	800.00	-20.00
Venezuelan Bolivar	200.00	-5.00	Ecuadorian Dollar	100.00	-5.00	Peruvian Sol	3.00	-0.05	Costa Rican Colon	1000.00	-50.00
Guatemalan Quetzal	200.00	-5.00	Honduran Lempira	200.00	-5.00	Nicaraguan Cordoba	100.00	-5.00	Panamanian Balboa	1.00	-0.01
Salvadoran Colon	100.00	-5.00	Haitian Gourde	50.00	-1.00	Jamaican Dollar	70.00	-1.00	Cuban Peso	24.00	-0.50
Dominican Peso	20.00	-0.50	Czech Koruna	100.00	-2.00	Slovak Koruna	100.00	-2.00	Slovenian Tolar	200.00	-5.00
Croatian Dinar	100.00	-5.00	Serbian Dinar	100.00	-5.00	Bulgarian Lev	2.00	-0.05	Romanian Leu	100.00	-5.00
Polish Zloty	4.00	-0.10	Czechoslovak Koruna	100.00	-5.00	Hungarian Forint	200.00	-10.00	Czechoslovak Koruna	100.00	-5.00
Soviet Ruble	16.00	-0.50	Yugoslav Dinar	100.00	-5.00	Czechoslovak Koruna	100.00	-5.00	Czechoslovak Koruna	100.00	-5.00
Russian Ruble	16.00	-0.50	Ukrainian Hryvnia	100.00	-5.00	Belarusian Ruble	100.00	-5.00	Belarusian Ruble	100.00	-5.00
Ukrainian Hryvnia	100.00	-5.00	Belarusian Ruble	100.00	-5.00	Belarusian Ruble	100.00	-5.00	Belarusian Ruble	100.00	-5.00

Foreign Banks Dive Into Russia

Newcomers Defy Bureaucracy, Tradition and Crime

By Steve Liesman

New York Times Service

MOSCOW — Jim Leonard, vice president of finance for Occidental Petroleum Corp. in Russia, will not say how many rubles he can stuff into a brown suitcase he keeps, but it has been indispensable in getting his payroll to workers in the Arctic and Siberia.

Because of the antiquated Russian banking system — it can take from weeks to four months to move money across the street, let alone halfway across the continent — Mr. Leonard has had to devise his own version of the pony express. "We pile a bunch of rubles in a suitcase and fly them out," he said.

Occidental's banking headaches in Russia are typical. In a country with no system for checking accounts, no electronic transfers to move money and a telephone system that makes it difficult to call across town, the simple act of moving money has become one of the biggest obstacles for any venture here.

But a dozen foreign banks, including Citibank and Chase Manhattan Bank, have been granted full licenses to operate banks in Russia. They are promising dramatic improvements that will speed money transfers for foreign companies through the paper-bound Russian Central Bank, the country's main switching station for money.

They also say they will create competition that will force Russian banks to lower interest rates and fees.

"When the foreign banks are here, Russian banks will have to shape up a little bit faster," said Charles Blitzer, chief economist for the World Bank in Russia.

Russia's Central Bank, in the toughest clampdown on commercial banks so far in the post-Communist period, announced severe restrictions Monday on certain types of lending. Reuters reported from Moscow that Vladimir Yefremov, head of the central bank's Moscow department, said the bank would limit the volume of funds a commercial bank could borrow to finance any overdraft to

no more than 25 percent of its reserve requirement. The cash has to be repaid within seven days and banks will be charged 420 percent on an annual basis, double the discount rate of 210 percent and nearly three times the short-term ruble interbank rate of 150 percent.

"Some foreign banks have decided that they will only handle accounts in dollars and other hard currencies. These are accounts which would be kept in the United States and would be tapped by Russian customers through a Russian branch. Other banks, like Citibank, insist they will deal in Russian rubles."

"The pipeline for money is equivalent to the pipeline for oil and gas in this country," said Miljenko Horvat, who will head Citibank's Moscow branch. "They are both leaky and stuff moves through it slowly."

Yet there are questions about how effective these foreign institutions can be. Western banking practices may run headlong into Russian realities of inflation, corruption and organized crime.

Russia's banking industry, which now totals more than 1,800 mostly small banks, has raised strong objections to the foreign banks.

"They will take away our clients, and we have very few good clients," said Aleksei Kuznetsov, first deputy chairman for Inkombank, the country's third-largest bank with assets of \$1.6 billion.

President Boris N. Yeltsin last Thursday heeded the calls for protectionism, signing a decree that limits the ability of some foreign

banks to serve Russian companies and residents until 1996.

It was unclear, however, whether the most recently chartered foreign banks, including Citibank and Chase, would be affected.

For now, however, the foreigners have been busy setting up shop. Credit Lyonnais spent \$20 million refurbishing a 19th-century building in St. Petersburg, where it opened its branch in September. Banque Nationale de Paris and Dresdner Bank, in a joint venture, opened their St. Petersburg branch the same month. Citibank and Chase plan to be operating in Moscow in the first half of 1994.

[Credit Suisse has received a full Russian banking license and plans to open operations in Moscow by June 1994, bank executives said Monday, according to a Reuters report from Moscow.]

These banks hope to emulate the success of the first two foreign-operated institutions, Dialog Bank, a 50-50 Russian and foreign venture, and International Moscow Bank, which is 60 percent-owned by five European banks.

International Moscow was licensed to deal in hard currencies two years ago and has become Russia's leading commercial bank, with assets of more than \$3 billion. That would make it a small bank by U.S. standards.

Without a checking-account system, the only way to make a purchase is through what is known as a payment order, which must be completed by a buyer at a bank. The bank sends it to a regional office of the Russian Central Bank, which forwards it to another regional Central Bank office near the seller's bank. The payment next goes to the seller's bank. Only then can money be paid.

Commercial banking in Russia began only five years ago and remains largely unregulated.

The connection to crime, including money laundering and sidestepping controls on sending money abroad, remains ominous. International Moscow Bank said in a study that banks have become "readily available objects of fraud and targets of organized crime."

The country has no system for checking accounts and no electronic transfers to move money.

Madrid Towers Started by KIO Get New Owners

The Associated Press

MADRID — A savings bank and a construction company on Monday bought the landmark office towers left unfinished when the Kuwaiti Investment Office's Spanish holding company failed a year ago.

The twin 27-story KIO towers, at the northern end of Madrid's Paseo de Castellana, sold for 8.3 billion pesetas (\$60.1 million) each. One was purchased by the regional savings bank Caja de Madrid and the other by Fomentos de Construcción y Contratos.

It was the third time the towers were put up for sale. Nobody met the minimum bid at the first auction, 85.9 billion pesetas, or the second, 63 billion pesetas. There was no minimum on the third attempt.

Each tower has about 30,000 square meters (333,300 square feet) of usable space.

Construction on the towers stopped a year ago after KIO's Spanish flagship, Grupo Torres SA, suspended payments.

Torres collapsed with debts of \$2.15 billion and amid reports that its former Spanish and Kuwaiti managers bilked the company for personal gain.

The KIO is suing former managers, including Javier de la Rosa, its one-time agent in Spain, seeking a total \$1.5 billion in damages.

Spain Gets Tough
The Spanish stock exchange is planning to fine Kuwaiti holding

companies 2.4 billion pesetas over misconduct relating to affairs in Spain, Reuters reported from London. Sources close to the London-based Kuwait Investment Office said Grupo Torres and Kokmeuw Holdings, based in the Netherlands Antilles, were negotiating the size of the fine with Spain's National Securities Market Commission.

Sources said the fine was a way for Spain to put pressure on the KIO to meet Torres's debts. Torres has been in administration since December and the KIO has denied responsibility for its debts.

"A very strong political message is being sent to the KIO," one source close to the KIO said. "It's a way of Spain pressuring Kuwait, saying they can't get away with things."

The news comes as Kuwait on Monday denied reports it was planning a mass sale of investments, possibly worth \$10 billion, to pay off debts run up after the Iraqi invasion in 1990.

Mismanagement of investments in Spain is a main reason why the KIO is under pressure to sell foreign assets, sources said.

Both Torres and Kokmeuw face two charges from the Securities Market Commission's investigation — that they covered up participation in share-buying and failed to disclose interests in companies.

The Securities Market Commission said it could not comment, beyond confirming it was working on possible sanctions against Torres.

There were no easy solutions to Europe's economic crisis, they would have been implemented long ago.

Mr. Delors had to hockback on work-sharing and reduced hours, which has been a major line of study within the commission. He softened work-sharing in discussion with ministers over lunch, saying this was "no miracle cure," according to officials who were present.

Agreement on Fish
EC fisheries ministers agreed on Monday to compromise cuts from 2 percent to 5 percent in most guideline fish prices for 1994, Reuters reported from Brussels.

The commission had sought reductions of 4 percent to 9 percent

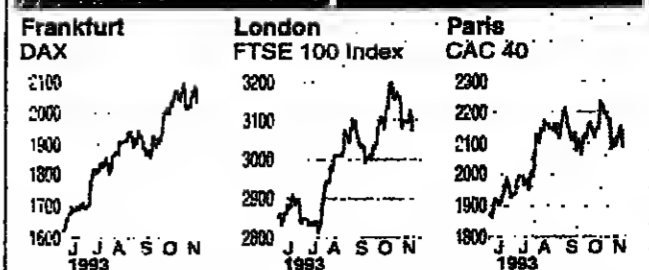
for most species to take account of depressed markets.

"The agreement is unsatisfactory but a big improvement on the original proposal," a French spokesman said.

Guideline prices help to set reference levels for minimum import prices as well as prices for withdrawing surplus fish from the market.

Officials said one of the main battles was over tuna. France, backed by Spain, Portugal and Belgium, succeeded in halving a proposed cut in tuna prices, to 4.5 percent. Price cuts in cod and haddock were also virtually halved, to 2 percent and 5 percent, respectively.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	CBS Trend	133.60	137.20	-2.62
Brussels	Stock Index	7,073.08	7,111.15	-0.54
Frankfurt	DAX	2,030.00	2,077.37	-2.28
Frankfurt	FAZ	788.16	798.94	-1.35
Helsinki	HEX	1,526.97	1,555.88	-1.86
London	Financial Times 100	2,328.20	2,357.60	-1.25
London	FTSE 100	3,070.60	3,108.00	-1.20
Madrid	General Index	299.80	304.88	-1.67
Milan	MB	1,163.00	1,201.00	-3.16
Paris	CAC 40	2,082.61	2,145.23	-2.92
Stockholm	Afaersvaarden	1,567.58	1,593.72	-1.64
Vienna	Stock Index	454.99	458.49	-0.76
Zurich	SBS	928.17	937.64	-1.01

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Air France is likely to send 1,100 employees into early retirement, the company's president, Christian Blanc, told trade unions.
- German money supply, on the M-3 basis, grew at an annual rate of 6.8 percent in October, figures published by the Bundesbank showed.
- Hoogovens NV said it would seek to raise about 373 million guilders (\$193 million) through the issue of 166,000 new shares. The Dutch government will buy 50,000 of them, raising its stake in the metals company to 17.5 percent from 12.1 percent.
- Carlsberg A/S said group net profit for the first nine months advanced 4.7 percent, to 982 million kroner (\$144.5 million), from 938 million a year earlier. Sales rose to 15.6 billion kroner from 14.9 billion.
- Ciga SpA and Forte SpA declined to comment on Host Marriott Corp.'s announcement that it has entered talks to acquire part of Ciga. The companies said they had not been contacted by Marriott.
- Lonrho PLC said its pretax profit for 1992 financial year has been restated, to £114 million (\$168 million) from the £80 million originally reported.

AFP, Bloomberg, AP, Reuters

JOB: Ministers Don't Think Much of the Delors Plan to Fight Unemployment and Restore Competitiveness

Continued from Page 13

ministry's executive body. It drafted the white paper on growth and employment to serve as the same kind of blueprint for policymaking in the 1990s that the single-market program was for Europe in the 1980s. The white paper is virtually the sole item of importance on the agenda for the European summit meeting in Brussels on Dec. 10 and 11, but the ministers' reaction made it unlikely that EC leaders would be able to offer any tangible hope to Europe's 17 million unemployed at that meeting.

"There is no chance whatever that anything very concrete is going to come out of the white paper in

three weeks' time," Mr. Clarke of Britain said.

The only element of the plan that drew clear support was a call for Europe to continue to follow the prevailing economic-policy orthodoxy: whittle away at government deficits, keep up the fight against inflation and choose the greatest possible exchange-rate stability over abrupt interest-rate cuts.

The commission's attempt to enforce that medicine with precise economic targets was rejected again by most major states, though. The Maastricht Treaty on European Union requires the commission to propose guidelines to steer member economies toward similar per-

formance and ultimately a single currency, and the commission wants these guidelines to reinforce its job-creation goals. But ministers indicated that they would not accept any targets that could be used to criticize their own performance.

The commission's proposed policy guidelines say the Community needs a cut of 2 to 3 percentage points in short-term interest rates to revive growth, and that Germany must lead the move to lower rates. But Mr. Juncker, Luxembourg's finance minister, said the commission should set only those guidelines it can hope to enforce, and that it was inconceivable that the Community would sanction

Germany for failing to deliver precise interest-rate cuts.

German officials also expressed opposition to the white paper's general goal of creating 15 million jobs by the year 2000, saying such targets only invite disappointment if they are not met. But Edmond Alphandery, France's finance minister, said such a goal was "ambitious but necessary" to instill hope.

Jacques Delors, the commission president, who launched the white paper project in the spring and hopes to cap his 10-year presidency with a sweeping victory in future re-elections, optimistic despite the rebuff. He said the ministers had had a "good discussion" and that if

there were any easy solutions to Europe's economic crisis, they would have been implemented long ago.

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German Telecom Venture Set

Bloomberg Business News

FRANKFURT — Mannesmann AG, Deutsche Bank AG and RWE Energie AG said Monday they had joined forces to participate in the opening up of the German telecommunications market.

The three companies said they had set up a joint venture with a capital base of 80 million to 85 million Deutsche marks (\$46.7 million to \$49.8 million) to provide data-transmission services to corporate clients.

Mannesmann, an engineering and electrical concern, said it would take a 50 percent stake in the new company. Deutsche Bank, Germany's largest bank, and RWE Energie, a unit of the country's largest electricity supplier, would each take 25 percent.

The company, to be based in Eschborn, near Frankfurt, plans to start operations Jan. 1, pending clearance from European antitrust authorities. Mannesmann and Deutsche Bank said they had applied for antitrust clearance.

NYSE

Monday's Closing
Tables include the nationwide press up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month	High	Low	Open	Close	Div	Yld	PE	Ratio	High	Low	Open	Close	Div	Yld	PE	Ratio	High	Low	Open	Close
IBM	120	110	115	118	4.00	4.5	15	1.5	120	110	115	118	4.00	4.5	15	1.5	120	110	115	118
Microsoft	40	35	38	39	1.00	5.0	10	1.0	40	35	38	39	1.00	5.0	10	1.0	40	35	38	39
Apple	30	25	28	29	0.50	4.0	12	0.5	30	25	28	29	0.50	4.0	12	0.5	30	25	28	29
Oracle	25	20	22	23	0.50	3.0	15	0.5	25	20	22	23	0.50	3.0	15	0.5	25	20	22	23
Sun	20	15	18	19	0.50	2.5	18	0.5	20	15	18	19	0.50	2.5	18	0.5	20	15	18	19
HP	15	10	12	13	0.50	2.0	20	0.5	15	10	12	13	0.50	2.0	20	0.5	15	10	12	13
Intel	10	8	9	9	0.50	1.5	25	0.5	10	8	9	9	0.50	1.5	25	0.5	10	8	9	9
Motorola	8	6	7	7	0.50	1.0	30	0.5	8	6	7	7	0.50	1.0	30	0.5	8	6	7	7
Texas Instruments	6	4	5	5	0.50	0.8	35	0.5	6	4	5	5	0.50	0.8	35	0.5	6	4	5	5
Advanced Micro Devices	4	3	3	3	0.50	0.6	40	0.5	4	3	3	3	0.50	0.6	40	0.5	4	3	3	3
AMD	3	2	2	2	0.50	0.5	45	0.5	3	2	2	2	0.50	0.5	45	0.5	3	2	2	2
ATI	2	1	1	1	0.50	0.4	50	0.5	2	1	1	1	0.50	0.4	50	0.5	2	1	1	1
ATI	1	0.5	0.5	0.5	0.50	0.3	60	0.5	1	0.5	0.5	0.5	0.50	0.3	60	0.5	1	0.5	0.5	0.5

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NASDAQ

Monday's Prices
 NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP. Consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	50 Days	High	Low	Latest Chg
1.28	1.26	ADIENT	0.00	0.00	15	15	1.28	1.26	0.00
1.28	1.26	ADIENT	0.00	0.00	15	15	1.28	1.26	0.00
1.28	1.26	ADIENT	0.00	0.00	15	15	1.28	1.26	0.00

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12 Month High	Low	Stock	Div	Yld	PE	50 Days	High	Low	Latest Chg
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1.28	1.26	ADIENT	0.00	0.00	15	15	1.28	1.26	0.00

Portuguese graffiti.



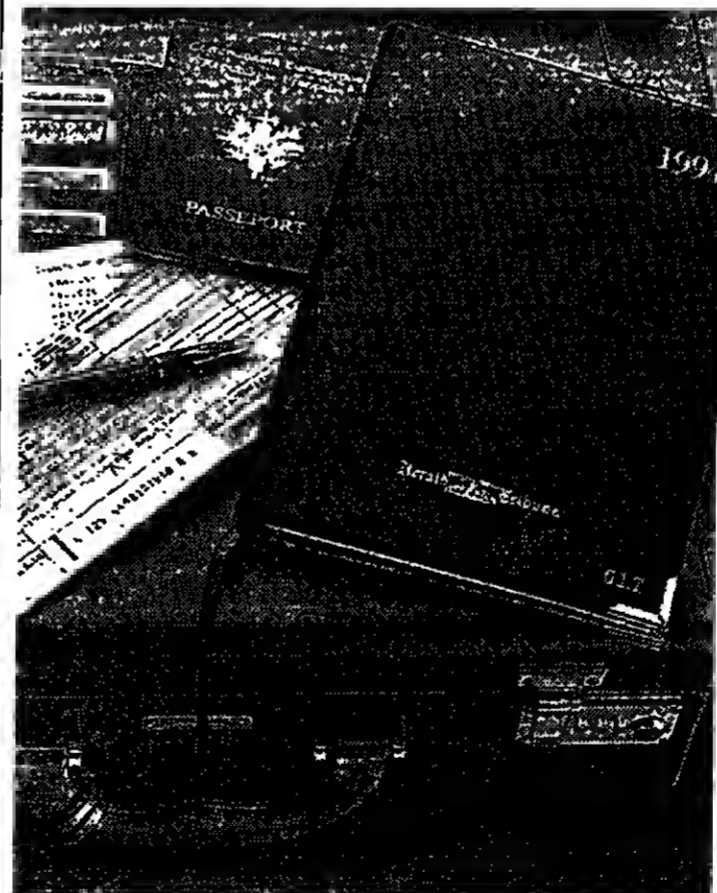
GRAFFITI has been a Portuguese habit for centuries. Walls are covered with all manner of words, drawings and symbols. It's a practice known as tile painting. Happily, the authorities rather than trying to stamp it out, actively encourage it. That's why throughout the country you can enjoy stunning examples of wall decoration dating as far back as the 15th century. It's an artform passed down through the generations. And it's why Portugal's 15 year olds might, one day, be old masters themselves.

Lisbon

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Apple Links Multimedia With Fujitsu

Bloomberg Business News

TOKYO—Apple Computer Inc. and Fujitsu Inc. are swapping secrets about the systems that run their computers so that they can create compatible multimedia software, the companies said Monday.

Apple Japan Inc. will license Fujitsu its QuickTime software, used to display video on Apple's Macintosh computers. The companies will use QuickTime as their platform for future multimedia software. Multimedia merges sound, graphics and text, providing such applications as encyclopedias with movies and sound to illustrate various subjects.

Apple and Fujitsu said they were trying to eliminate barriers among multimedia platforms. These have made each program compatible with only one operating system.

"Our goal in licensing Apple's QuickTime technology is simply to ensure that QuickTime becomes the standard for multimedia computing in Japan," said David Nagle, executive vice president of Apple. The company also has a version that runs under Microsoft Corp.'s Windows operating system, one of the main competitors of Macintosh.

Analysts said the alliance was a defensive effort by the companies to increase their share of a 1 trillion yen (\$9.31 billion) market that threatens to be dominated by Microsoft Corp.'s DOS-5 operating system.

Merging their multimedia operations would give the companies about 15 percent of the Japanese software market, said Barry Dango, an analyst at S.G. Warburg & Co. Apple and Fujitsu, however, control the small Japanese multimedia market, jointly accounting for about 90 percent of the programs sold on compact disks.

According to Microsoft, no more than 10 percent of Japanese personal computers are sold equipped for multimedia, compared with 40 percent in the United States.

Malaysia Signs Tall Order World-Class Skyscrapers Set to Rise

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Contractors from Japan, the United States and South Korea on Monday signed contracts valued at nearly \$400 million to work with Malaysian companies in building and equipping a pair of office towers that will be among the world's tallest, officials said.

The two reinforced-concrete towers, each with 85 floors of office space, are to measure 446 meters (1,463 feet) to the top of their Islamic-inspired spires. The world's tallest building is the Sears Tower in Chicago, at 1,454 feet without spires.

The Kuala Lumpur towers are due for completion in 1996. They will serve as headquarters for the state oil company, Petronas National Bhd., known as Petronas.

Hazama Corp. and Mitsubishi Corp. of Japan, J.A. Jones Construction Co. of the United States, and MMC Engineering Services and Ho Hup Construction of Malaysia will build one of the towers, and Samsung Engineering & Construction Co. and Kuk Dong Construction Co. of South Korea

agreed with Syarikat Jasatera of Malaysia to put up the other.

"The idea of having more than one contractor for this project is for them to compete for quality," said Azizan Zaimul Abidin, chairman of the Kuala Lumpur City Center project and of Petronas.

Officials said each consortium won a contract to build an identical tower costing roughly 500 million ringgit. The towers are being built with reinforced concrete in a design aimed to reduce sway.

The City Center project, on a 100-acre (40-hectare) area in Kuala Lumpur's hotel and diplomatic district, is scheduled for completion in 20 years.

Rising on the site of the old Selangor Turf Club racetrack in the business district, the first phase will include a six-story retail center, a five-star hotel, a 50-acre park, a headquarters for the Exxon Corp. subsidiary, Esso Malaysia Bhd., and two other office towers. The phase is due for completion by 1996 at a cost of 3 billion ringgit (\$1.18 billion).

"This project is more than a real estate development," said

Azizan Zaimul Abidin. "It is the embodiment of the aspirations of the nation."

The project is 51 percent owned by Petronas. Companies linked to businessman Ananda Krishnan, the controlling shareholder of the gaming company Tanjong PLC and a friend of Prime Minister Mahathir bin Mohamad, hold 48 percent, and the Selangor Turf Club owns 1 percent, officials said.

Azizan Zaimul Abidin said foundation work was 70 percent complete and that construction of the Petronas Towers should begin in March.

The project's officials also awarded several smaller contracts, including a contract for 140 million ringgit to Pemas Otis Elevator Co., a joint venture of Otis Elevator Co. of the United States and Pemas, the Malaysian state trading company.

The venture will install 96 elevators and escalators in the towers. Otis will make the escalators in Penang, Malaysia, and the elevators in Bloomington, Indiana. (AFP, Reuters, Bloomberg)

P&O and Swire Buy 50% of Container Port in South China

Compiled by Our Staff From Dispatches

HONG KONG — Peninsular & Oriental Steam Navigation Co. of Britain and the Hong Kong-based Swire Pacific Ltd. said Monday they had bought 50 percent of the largest container terminal in southern China for \$15 million Hong Kong dollars (\$7.6 million).

The two companies, run by British expatriates, each took 25 percent stakes in Shekou Container Terminal. The accord calls for P&O to take over management of the terminal, in the Shenzhen special economic zone, in January.

The companies said the accord should dispel fears that China might discriminate against British concerns because of problems in negotiations between the two countries over Hong Kong's political future ahead of the colony's return to Chinese control in 1997.

The P&O chairman, Lord Sterling, said: "When I was in Beijing last week, I was given full support by Premier Li Peng for P&O to enter China. I don't see any problem whatsoever."

Peter Sutch, the Swire chairman, added: "I expect the so-called problem to be settled satisfactorily. As far as the Swire Group is concerned, it's business as usual."

Swire, a long-established British colonial trading house, also controls Cathay Pacific Airways. Analysts say Swire helped secure good relations with Beijing by taking on a Chinese corporation as a shareholder in the Hong Kong-based airline.

Shekou Container Terminal lies across the bay from Hong Kong, whose local container port — the world's busiest — is near the saturation point, mostly because of a huge rise in trade with China.

The agreement marked the second major move into southern China's port business by Hong Kong-based conglomerates in two months.

Hutchinson Whampoa Ltd., controlled by businessman Li Ka-shing, said in early October that it had agreed to become the leading investor in a 5 billion yuan (\$866.2 million) project to create a port at Yantian in the Shenzhen zone. (Bloomberg, Reuters)

Investor's Asia

Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,170.84	9,263.94	-1.01
Singapore	Straits Times	2,086.74	2,082.83	+0.20
Sydney	All Ordinaries	2,049.30	2,083.20	-1.63
Tokyo	Nikkei 225	17,384.84	17,041.19	+3.10
Kuala Lumpur	Composite	989.40	984.92	+0.45
Bangkok	SET	1,310.13	1,366.91	-4.15
Saou	Composite Stock	834.58	844.47	-1.17
Taipei	Weighted Price	4,216.94	4,247.09	-0.71
Manila	Composite	2,418.13	2,402.90	+0.63
Jakarta	Stock Index	536.48	536.11	+0.25
New Zealand	NZSE-40	2,073.32	2,097.22	-1.14
Bombay	National Index	1,461.63	1,421.27	+2.14

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- China's State Statistics Bureau said the economy, measured by gross domestic product, would grow 13 percent to 3 trillion yuan (\$530 billion), this year; that would be just under 1992 growth of 13.2 percent.
- China cut its tariff on palm oil to 20 percent from 28 percent after a Malaysian request.
- Hong Kong's annual inflation rate rose to 9.0 percent in October from 7.9 percent in September as vegetable prices soared due to bad weather.
- China Motor Bus Co. is selling a site in the North Point area of Hong Kong to a joint venture between itself and Swire Properties Ltd., a unit of Swire Pacific Ltd., for 360 million Hong Kong dollars (\$46.6 million).
- TSD Co., a software developer, asked a Tokyo court to declare it bankrupt with debt of 8.5 billion yen (\$79 million). Teikoku Data Bank said; the credit-research agency said the company, capitalized at 4.25 billion yen, was hurt by a fall in computerization investment in Japan.
- Japan's Economic Planning Agency said the leading index of economic indicators stood at 36.4 points in September, down from 50.0 in August, the level above which the economy is considered set to expand.
- Mazda Motor Corp., expecting a loss of 32 billion yen in the year to March 31, obliged almost all of its 25,000 employees to take a day off Monday; it is Japan's first carmaker to suspend all operations to cut output.
- Tokyo Electric Power Co.'s pretax profit fell 12 percent, to 58.5 billion yen, in the six months to Sept. 30 as the result of a weak economy and cool weather that discouraged air conditioner use. (AFP, Reuters, Bloomberg, AP)

Winter Bares Flaws in Chinese Aviation

Reuters

SHANGHAI — The onset of winter and three bad-weather crashes have highlighted gaps in China's aviation sector, which airline executives and analysts said might be growing too fast for its own good.

Even under fair skies, China's basic aviation infrastructure barely manages to cope with the soaring numbers of airplanes, new routes and passengers flooding its antiquated airports.

Problems range from primitive or nonworking ground control and telecommunications systems to lax airport security and inefficient passenger management.

Bad weather has been cited officially as a key factor in this year's three major crashes in

which about 70 people died. All involved bad landings in fog or rain.

Some specialists said they suspected the weather was revealing the inexperience of China's pilots, whose training could not possibly keep pace with the furious purchase of planes.

"It all boils down to experience," said one foreign analyst. "Accidents happen when two, three, four things go wrong at one time. Most of us can handle one or two surprises, but when everything goes wrong at once — this is where pilot experience is essential."

Passenger traffic is growing 25 percent to 35 percent a year. The Civil Aviation Administration of China said last week it would add 35 routes in coming months, increasing flights to

6,000 a week by year-end, a 15 percent year-on-year increase. CAAC last summer cracked down on deregulation of the sector, saying no new airlines would be approved and ordering an emphasis on safety and infrastructure.

China is believed to have 39 registered carriers. Analysts estimated 30 carriers would start soon, having obtained licenses before the decree.

A spokesman for Boeing Co., the top supplier of planes to China, credited CAAC's budgeting of \$5 billion for ground control and infrastructure improvement at 40 key airports, but said progress would not come quickly. "You can buy a plane today and have it tomorrow, but you can't build a maintenance center or train a pilot overnight," he said.

Exports, Building Aid Korean Growth

Bloomberg Business News

SEOUL — South Korea's economy grew a faster-than-expected 6.5 percent in the third quarter from the like quarter of 1992, the Bank of Korea said Monday.

The central bank said the brisk gross national product rise was caused by strong exports and booming construction activity. The surge in GNP was the highest quarterly growth since the first quarter of 1992.

STOCKS: Tokyo Takes a Tumble

Continued from Page 13

ty to propose a large cut in income taxes, which could provide a quick lift to one of the most depressed areas of the economy, consumer sentiment.

Mr. Hosokawa chose, however, to defer a decision on tax changes. His action reinforced gloomy views that the government does not appreciate the seriousness of the economic difficulties. Many private economists are now forecasting that the economy will actually shrink this year, taking a toll on corporate profits, the financial health of the banking system and Japan's industrial vigor.

"We'd hoped that the talk of taxes might do the trick, but there was nothing solid," said Mr. Barker.

The tax commission recommended a reduction in income taxes, but also suggested that the government should increase its consumption tax, a kind of sales tax. That would all but negate any positive impact from the income tax cut, economists said.

"It's the fundamentals," said Tim Hayashida, an analyst with Merrill Lynch & Co. "We've had constant delays in the expectations for an economic recovery. There's no reason to be in this market yet."

Mr. Sasaki said that many large investors were selling stock-index futures because of the expectation that the market had so little potential for rebounding. Those futures sales, he added, were forcing other investors to sell stocks, pushing the market lower.

DISNEY: Euro Disney Debt Trail

Continued from Page 13

reported a 5.34 billion franc net loss for the year to September.

Analysts expected Disney to offer the banks equity in Euro Disney through the issue of new shares in exchange for forgiveness of debt, a move which would severely dilute Euro Disney shares.

But before the banks will accept such an offer, they are expected to demand significant concessions from Disney in its relationship with Euro Disney, in which it owns 49 percent. Specifically, they want to see Disney reduce generous management fees and royalties which, according to the current agreement, can pour into the Los Angeles company's coffers even though the Paris park is losing money.

"The only way the equity to be offered will have any upside is if the management incentives are altered," Mr. Allen said.

The negotiations will also focus on financing for a second amusement park, which many believe is necessary to extend the stays of visitors and fill up the more than 5,000 hotel rooms. The hotel occupancy rate in 1993 was only 55 percent.

But observers said that getting the banks to put up cash for a second park would be a difficult challenge in the present environment, and that such a decision may be put off, said one Paris analyst, "until the lenders are convinced that they are not just throwing good money after bad."

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Herald Tribune

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AMEX

Monday's Closing

Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	1993 High	Low	Latest	Chg
1.44	1.00	IBM	3.10	3.8	12.5	140	130	135	+5
5.00	3.00	Microsoft	0.00	0.0	15.0	100	80	90	+10
1.20	0.80	Apple	0.00	0.0	10.0	120	110	115	+5
1.50	1.00	Oracle	0.00	0.0	12.0	110	100	105	+5
1.80	1.30	Novell	0.00	0.0	11.0	100	90	95	+5
1.10	0.70	Lotus	0.00	0.0	9.0	100	90	95	+5
1.30	0.90	Intuit	0.00	0.0	10.0	100	90	95	+5
1.60	1.10	Visa	0.00	0.0	11.0	100	90	95	+5
1.70	1.20	MasterCard	0.00	0.0	12.0	100	90	95	+5
1.90	1.40	Discover	0.00	0.0	13.0	100	90	95	+5
2.10	1.60	Amex	0.00	0.0	14.0	100	90	95	+5
2.30	1.80	Bank of America	0.00	0.0	15.0	100	90	95	+5
2.50	2.00	Wells Fargo	0.00	0.0	16.0	100	90	95	+5
2.70	2.20	Citigroup	0.00	0.0	17.0	100	90	95	+5
2.90	2.40	JPMorgan	0.00	0.0	18.0	100	90	95	+5
3.10	2.60	Goldman Sachs	0.00	0.0	19.0	100	90	95	+5
3.30	2.80	Morgan Stanley	0.00	0.0	20.0	100	90	95	+5
3.50	3.00	JP Morgan Chase	0.00	0.0	21.0	100	90	95	+5
3.70	3.20	Bank of New York	0.00	0.0	22.0	100	90	95	+5
3.90	3.40	JP Morgan	0.00	0.0	23.0	100	90	95	+5
4.10	3.60	Wells Fargo	0.00	0.0	24.0	100	90	95	+5
4.30	3.80	Citigroup	0.00	0.0	25.0	100	90	95	+5
4.50	4.00	JPMorgan	0.00	0.0	26.0	100	90	95	+5
4.70	4.20	Bank of America	0.00	0.0	27.0	100	90	95	+5
4.90	4.40	Wells Fargo	0.00	0.0	28.0	100	90	95	+5
5.10	4.60	Citigroup	0.00	0.0	29.0	100	90	95	+5
5.30	4.80	JPMorgan	0.00	0.0	30.0	100	90	95	+5
5.50	5.00	Bank of New York	0.00	0.0	31.0	100	90	95	+5
5.70	5.20	JP Morgan	0.00	0.0	32.0	100	90	95	+5
5.90	5.40	Wells Fargo	0.00	0.0	33.0	100	90	95	+5
6.10	5.60	Citigroup	0.00	0.0	34.0	100	90	95	+5
6.30	5.80	JPMorgan	0.00	0.0	35.0	100	90	95	+5
6.50	6.00	Bank of America	0.00	0.0	36.0	100	90	95	+5
6.70	6.20	Wells Fargo	0.00	0.0	37.0	100	90	95	+5
6.90	6.40	Citigroup	0.00	0.0	38.0	100	90	95	+5
7.10	6.60	JPMorgan	0.00	0.0	39.0	100	90	95	+5
7.30	6.80	Bank of New York	0.00	0.0	40.0	100	90	95	+5
7.50	7.00	JP Morgan	0.00	0.0	41.0	100	90	95	+5
7.70	7.20	Wells Fargo	0.00	0.0	42.0	100	90	95	+5
7.90	7.40	Citigroup	0.00	0.0	43.0	100	90	95	+5
8.10	7.60	JPMorgan	0.00	0.0	44.0	100	90	95	+5
8.30	7.80	Bank of America	0.00	0.0	45.0	100	90	95	+5
8.50	8.00	Wells Fargo	0.00	0.0	46.0	100	90	95	+5
8.70	8.20	Citigroup	0.00	0.0	47.0	100	90	95	+5
8.90	8.40	JPMorgan	0.00	0.0	48.0	100	90	95	+5
9.10	8.60	Bank of New York	0.00	0.0	49.0	100	90	95	+5
9.30	8.80	JP Morgan	0.00	0.0	50.0	100	90	95	+5
9.50	9.00	Wells Fargo	0.00	0.0	51.0	100	90	95	+5
9.70	9.20	Citigroup	0.00	0.0	52.0	100	90	95	+5
9.90	9.40	JPMorgan	0.00	0.0	53.0	100	90	95	+5
10.10	9.60	Bank of America	0.00	0.0	54.0	100	90	95	+5
10.30	9.80	Wells Fargo	0.00	0.0	55.0	100	90	95	+5
10.50	10.00	Citigroup	0.00	0.0	56.0	100	90	95	+5
10.70	10.20	JPMorgan	0.00	0.0	57.0	100	90	95	+5
10.90	10.40	Bank of New York	0.00	0.0	58.0	100	90	95	+5
11.10	10.60	JP Morgan	0.00	0.0	59.0	100	90	95	+5
11.30	10.80	Wells Fargo	0.00	0.0	60.0	100	90	95	+5
11.50	11.00	Citigroup	0.00	0.0	61.0	100	90	95	+5
11.70	11.20	JPMorgan	0.00	0.0	62.0	100	90	95	+5
11.90	11.40	Bank of America	0.00	0.0	63.0	100	90	95	+5
12.10	11.60	Wells Fargo	0.00	0.0	64.0	100	90	95	+5
12.30	11.80	Citigroup	0.00	0.0	65.0	100	90	95	+5
12.50	12.00	JPMorgan	0.00	0.0	66.0	100	90	95	+5
12.70	12.20	Bank of New York	0.00	0.0	67.0	100	90	95	+5
12.90	12.40	JP Morgan	0.00	0.0	68.0	100	90	95	+5
13.10	12.60	Wells Fargo	0.00	0.0	69.0	100	90	95	+5
13.30	12.80	Citigroup	0.00						

ART BUCHWALD

The NAFTA Goodies

WASHINGTON—There is no doubt that President Clinton made many deals with members of Congress to insure passage of his NAFTA bill through the House of Representatives.



Buchwald

However, the question remains: What kind of deals were they? Even the White House is bewildered about what was promised to whom.

"Mr. President, I hate to bring this up, but did you give Martha's Vineyard to the Louisiana congressional delegation as a quill-hunting preserve in exchange for their NAFTA votes?"

"I didn't give it to them. I leased it for 99 years. I had to do it to win Baton Rouge and New Orleans. What are all those papers in your hand?"

"They're the IOUs you signed before the vote. I don't want to make you nervous, sir, but you gave so much to win NAFTA that we hardly have anything left to trade when the health bill comes up."

"There are always the Grand Canyon and Yellowstone National Park."

"What worries me, sir, is that everybody on Capitol Hill knows we're willing to trade things for votes. From now on, whenever you want to have some legislation passed, they'll all announce that they are against it so we'll make them an offer. It's a bad precedent."

"We have to do it this way to get this country back on its feet. Where do you think we'd be today if we hadn't given Congressman Pepper's district a super wind tunnel and a golf course?"

"Nowhere, sir. But so far we have dealt with only the House of Representatives. The Senate vote is still to come, and you know that their price tags are higher than the House's."

"Senator Youmans just called and said that if he is expected to vote for ratification of NAFTA, he wants 30,000 jobs for the Sick Town Post Office."

"No one said that my promises made before the NAFTA vote were written in stone."

"Mr. President, whatever you gave away was worth it. The rank-and-file bullfighters south of the border are holding a Bill Clinton Day. The Mexican ambassador came to the White House personally to deliver a gift from his grateful people."

"What is it?"
"A Fiesta automobile."
"Wonderful. Present it to Congressman Gouda. I promised him a Mexican car."

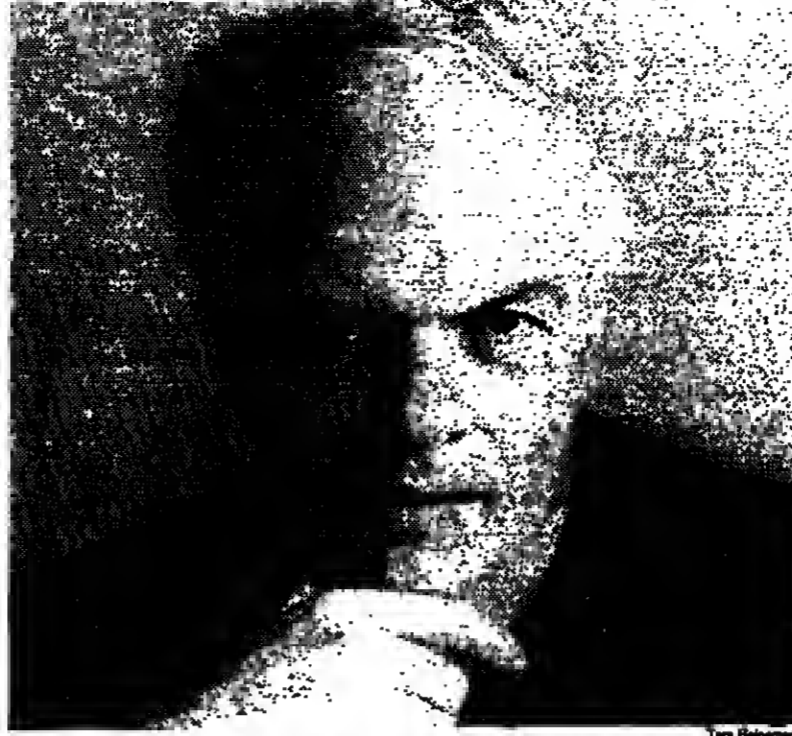
A Glimpse of a Golden Age

LOS ANGELES—Christie's will give Californians a chance to see an array of moments from Hollywood's Golden Age before the items are auctioned in New York on Dec. 18. Among the items to be displayed Dec. 3 in Hollywood is the miniature Oscar presented in 1939 to Judy Garland for the "Wizard of Oz."

Exorcizing the Darkness of a Century

By Katherine Knorr

SAINT-AYGULF, France — D. M. Thomas was a little-known poet and novelist when "The White Hotel" became an international best-seller in 1981. It was a difficult book, a mixture of nightmare, psychoanalysis and poetry with, as its center, the Holocaust. The novel brought Thomas some money and some fame, but also accusations of plagiarism, and depression, and his subsequent books did not get as enthusiastic a reception. His new novel, "Pictures at an Exhibition," is his finest and most powerful since "The White Hotel," perhaps because it returns to the terrible darkness that haunts this century. "It's the territory of 'The White Hotel,' but 50 years on," Thomas said in a recent interview. "And it tries to deal with some of the ever-present evils."



D. M. Thomas: His novels deal with evil, but they are also full of dark comedy.

"And it is partly about English society. I'm very depressed by the small-mindedness and the viciousness of a lot of modern England. It doesn't come out very much in obvious right-wing gangs, although that is certainly there, and racism, but in the viciousness of the left. For example, when the cabinet and in particular Margaret Thatcher were almost killed by the IRA, many of them would have been glad if she'd been killed. That is abjecting yourself with terrorists. I mean, the number of people who said to me: 'Pity they missed.' How horrifying."

Although most of his novels (he has published 10) in one way or another deal with evil, they are also shot through with dark comedy and erudition. Thomas travels across time; his characters dream, they lie, they imagine people imagining other people, they are psychoanalyzed, and they dream and lie and fantasize their way through psychoanalysis. All of it, voices and dreams and what may or may not be facts, blend together until the story exists on so many levels that, as in "The White Hotel," we are left with the idea that sex (sometimes love) and death are the only things that are real.

Thomas first encountered evil in 1945. He had had a child's war, in Cornwall: There was the fear of invasion, but never the invasion itself, the thrill of being made a field marshal at school because his father had donated his precious National Geographic to the war effort (or in this case, the school library) and the romance that surrounded American and Australian soldiers (his sister would marry one). But when the war ended, the 10-year-old Thomas saw pictures of Bergen-Belsen, which marked him forever.

"Pictures at an Exhibition" is a complicated story of false identities and real horror, of ambiguity and deceit, that begins at Auschwitz but takes place mostly in England today.

"It started with Munch," Thomas said. "It started with a touring exhibition. It was an alternative view of the nude, and what it was, was showing many nudes, and it had the paintings and beside it was comment. And it was very, as I saw it, anti-art, but others would say pro-feminist. It showed usually copies, rather poor 18th-century copies of a Titian Venus and so on, and saying, look at this woman stretching back passively, isn't this terrible and so on, and I felt very depressed by it. And the most striking picture there was a Munch, a madonna, and it said that Munch was a misogynist. I just went away haunted by that picture and feeling depressed by the slightly Nazi-like anti-art propaganda element."

"Munch affects me deeply anyway. It was a hundred years ago that the great paintings were painted, and then it struck me that midway was the Holocaust. And gradually came the idea for exploring three points of the past century, the sort of Munch anticipation of death and destructiveness, and our present state, including the genocide taking place in Bosnia, and midway the Holocaust itself."

Because of what he writes, and the way he writes it, Donald Michael Thomas, born in Cornwall in 1935, is something of an outsider in English letters. If he writes about Freud's world, or about Russia (in a five-book cycle he called the Russian Quintet), "That's partly a feeling of alienation from that peculiar middle-class Englishness, even though I've been in Oxford," he said.

Thomas's childhood was both confined (his mother was, he says, overly protective) and open to a world much wider than Cornwall. Although he grew up in a house where he remembers no books, his parents had lived in Hollywood for several years before his birth, and the family moved to Australia for two years when Thomas was a teenager.

Thomas's father was "part of a large family — no work because the mines were closing, and almost all the brothers and one of the sisters went to America." He worked as a fitter in the house-building trade until the Depression cut into those jobs, and he and his family returned to Cornwall. "He always spoke with tremendous affection and longing of those years," Thomas said. "I think he was oppressed by returning to class-ridden Britain. He'd got used to a more democratic spirit."

PEOPLE

Doctor's Rx: Jackson Joins Group Therapy

The latest on Michael Jackson: The pop star has undergone a detoxification program for his addiction to painkilling drugs and is being treated with intensive group therapy, according to Dr. Beauchamp Coleough, his London physician. In a letter, the doctor said Jackson was introduced to him Nov. 12 by Elizabeth Taylor after she and Jackson had flown from Mexico City. Jackson, 35, has been accused of sexually molesting a 13-year-old boy.

Marilyn Callie played "The Good Son" and in Hollywood's eyes his father is a bad dad. In the latest of many feuds with studios, Kin Callie reportedly pulled his son out of promotions for the 13-year-old superstar's latest flick, "George Balanchine's The Nutcracker." Dad previously forced 20th Century Fox to cast Mandy Patinkin and his 8-year-old sister, Quinn, in "The Good Son" by threatening to pull his money out of the film "House Alone II."

The art world has been speculating about the unnamed "private collector" who dumped a fortune in the 18th-century French furniture on the auction block at Sotheby's in New York last week. Now, everybody has identified the seller as President Bill Clinton's former aide, Robert F. Kennedy.

Oliver Stone has turned up in Panama and the gossip is he's planning to do a film on the imprisoned former dictator Manuel Antonio Noriega. Stone told a Panamanian journalist he was "just looking around, taking a look" at scenery that might be used if the film is made on location.

Daryl Hannah is on the cover of the December issue of Harper's Bazaar, and it seems the magazine had hoped she might have eloped with John F. Kennedy Jr. before publication. But asked whether she would get married before the magazine came out, she replied, "No — I don't think, as far as I know... It would be a surprise to me."

INTERNATIONAL CLASSIFIED
Appears on Pages 6 & 19

WEATHER

Weather forecast for Wednesday through Friday, as provided by Accu-Weather. Includes maps for Europe, Asia, Africa, North America, and Latin America, along with temperature and precipitation data for various regions.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution to the puzzle of Nov. 22 and a list of crossword-related terms.

"I wonder if the little guy had fun today?"

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